Vol. VIII

TRANSCRIPT OF RECORD

EXHIBITS

Supreme Court of the United States

OCTOBER TERM, 1933

No. 440

BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS, AND THE CITY OF CHICAGO, APPELLANTS,

vs.

ILLINOIS BELL TELEPHONE COMPANY

No. 548

ILLINOIS BELL TELEPHONE COMPANY, APPELLANT,

vs.

BENJAMIN F. LINDHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS, AND THE CITY OF CHICAGO

APPEALS FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS

FILED SEPTEMBER 8, 1933

FILED OCTOBER 25, 1933

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1933

No. 440

BENJAMIN F. LIDNHEIMER AND OTHERS, CONSTITUTING THE ILLINOIS COMMERCE COMMISSION OF THE STATE OF ILLINOIS; OTTO KERNER, ATTORNEY GENERAL OF THE STATE OF ILLINOIS, AND CITY OF CHICAGO, APPELLANTS,

vs.

ILLINOIS BELL TELEPHONE COMPANY

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF ILLINOIS

VOL VIII

INDEX

	Original	Print
X-289—Statement re A. T. & T. Co., changes in capital stock outstanding since 1922.....	5038	4373
X-293—Statement re A. T. & T. Co., investments in capital stock of Western Electric from November 17, 1915, to December 31, 1930....	5041	4374a
X-294—Statement re A. T. & T., return on investments in capital stock of Western Electric during years 1916 to 1930, inclusive.....	5042	4375
X-295—Statement re Western Electric Company, return to stockholders on capital investment.	5043	4376a
X-296—Statement re A. T. & T. Co., percents of return on investment from all operations, classified during years 1920 to 1922, and during years 1923 to 1930, inclusive.....	5063	4393

JUDD & DETWEILER (INC.), PRINTERS, WASHINGTON, D. C., SEPTEMBER 20, 1933

	Original	Print
X-297—Statement re A. T. & T. Co., percents of return on capital and surplus from all operations, classified during years 1920 to 1922, and during years 1923 to 1930, inclusive	5065	4395
X-298—Statement re A. T. & T. Co., percent of return on capital stock from all operations, classified during years 1920 to 1922, and during years 1923 to 1930, inclusive	5067	4397
X-299—Statement re A. T. & T. Co., percentages of return of licensee companies on average fixed capital and materials and supplies, years 1920 to 1930, inclusive, and year ended December 31, 1931	5069	4399
X-300—Statement re A. T. & T. Co., percentages of return of licensee companies on average fixed capital and materials and supplies, less average accrued depreciation, years 1920 to 1930, inclusive, and year ended December 31, 1931	5071	4402
X-301—Comparison of revenues, expenses and return on investment in long lines years ended December 31, 1920 to 1922, and during years 1923 to 1930, inclusive	5073	4405
X-302—Statement re A. T. & T. Co., return on fixed capital, including general equipment for Ill. Bell Tel. Co., for all licensee companies, and for all licensee companies exclusive of Illinois Bell Tel. Co., years 1920 to 1922, and years 1923 to 1930, inclusive; also for year 1931	5075	4407
X-303—Statement re A. T. & T. Co., comparison of per cent of return on fixed capital of all licensee companies, as shown in Exhibit No. X-302 and as shown in A. T. & T. Co. monthly statistical report C. R. 51-A, years 1920 to 1930, inclusive, and year 1931	5078	4410
X-304—Statement re A. T. & T. Co., comparison of per cent of return on fixed capital of Ill. Bell Tel. Co. as shown in Exhibit No. X-302 and as shown in Ill. Bell Tel. Co. monthly report No. 1, years 1922 to 1930, inclusive, and year 1931	5079	4410
X-305—Definitions of local exchange service, Southwestern Bell Tel. Co.	5080	4411
X-306—Definitions of local exchange service, Illinois Valley Telephone Co.	5082	4413
X-307—A. T. & T. Co., annual report to stockholders 1931	5089	4420
X-308—A. T. & T. Co., annual report to I. C. C., 1920-1930, inclusive, sheet 210	5104	4430D

	Original	Print
X-313—Statement re Illinois Bell Tel. Co., Chicago rate case, analysis of sales 1924-1930, to Illinois Bell Tel. Co. and to Bell System of important plant items of Western Electric manufacture	5115	4431
X-313 (A)—Statement re Illinois Bell Telephone Company, Chicago rate case, quantities sold to Illinois Bell Telephone Company and to total Bell System 1924 to 1930, graphs	5118	4434
X-314—Illinois Bell Tel. Co., Chicago rate case, percentages charts, representing cross section of purchases from Western Electric Company, Illinois Bell, Bell System, period 1924-1930	5121	4437
X-315—Statement re Illinois Bell Tel. Co., Chicago telephone rate case, Western Electric Co. manufactures sales to all Bell Companies and to Illinois Bell Tel. Co., 1916-1930	5123	4439
X-315 (A)—Statement re Illinois Bell Tel. Co., Chicago telephone rate case, Western Electric Co. manufactures sales to Bell customers and to Ohio Bell Tel. Co., 1922-1930	5124	4439
X-316—Statement re Illinois Bell Tel. Co., Chicago telephone rate case, Western Electric Company manufactures, 1922-1930, sales to Ill. Bell and to Ohio Bell as percent of total sales to Bell customers	5125	4440
X-317—Statement re Ill. Bell Tel. Co., Chicago rate case, analysis of estimated quantities of materials of various classes for each associated company to be delivered by Western Electric Co., from provisional estimates, period 1922-1932	5126	4440
X-317 (A)—Statement re Ill. Bell Tel. Co., Chicago rate case, cross section of estimated quantities of materials to be delivered by W. E. Co. to each associated Co., period 1922-1932, 11 years, quantitites from provisional estimates	5137	4441
X-319—Statement re Illinois Bell Tel. Co., Chicago rate case, analysis of estimated quantities of materials, panel central office equipment step-by-step lines private branch exchanges. To be delivered by Western Electric Co. to each associated Co. from provisional estimates, period 1932-1934	5140	4443
X-320—Illinois Bell Tel. Co., Chicago rate case, depreciation data from provisional estimates percent retirements, depreciation rates	5343	4444b

	Original	Print
X-321—Statement re Illinois Bell Tel. Co., Chicago rate case, relative size of Bell System and independent Tel. Co. groups	5147	4149
X-322—Statement re Illinois Bell Tel. Co., Chicago division, analysis of account 510, message tolls; account 512, leased toll lines; account 514, telegraph service on toll lines, and account 516, other toll lines revenues, January 1, 1923, to December 31, 1930	5149	4450a
X-323—Statement re Illinois Bell Tel. Co., Montclare office, manual and panel switching equipment, comparative cost study	5152	4451
X-324—Cost study central office equipment (Edgewater area), correspondence relating thereto	5153	4451
X-325—Examples 1 and 2, depreciation studies (Turner method)	5154	4452
X-326—Example 3, depreciation study (Turner method)	5156	4453
X-327—List of exchanges in Illinois shown in Exhibit A-68	5157	4454
X-328—Statement re Illinois Bell Tel. Co., Chicago division, comparison of revenues and expenses and return on average fixed capital and materials and supplies, less accrued depreciation, years 1923 to 1931, inclusive; also Chicago division intrastate 1923-1930, inclusive, and Chicago division intrastate exchange 1923-1930, inclusive	5158	4455
X-331—Statement re Illinois Bell Tel. Co., Chicago division intrastate, return on average fixed capital and materials and supplies, less average accrued depreciation, in excess of the average return of all licensee companies of A. T. & T. during years 1923-1930, inclusive; same for other licensee companies 1923-1930, inclusive	5162	4456B
X-332—Statement re Illinois Bell Tel. Co., Chicago division intrastate exchange, return on average fixed capital and materials and supplies, less average accrued depreciation, in excess of the average return of all licensee companies of A. T. & T. during years 1923 to 1930, inclusive; same for other licensee companies 1923-1930, inclusive	5164	4456D
X-334—Statement re Illinois Bell Tel. Co., Chicago division, return on average fixed capital and materials and supplies, less average accrued depreciation in excess of the average return of all licensee companies of		

	Original	Print
A. T. & T. Co. during year 1931; same for other licensee companies	5166	4456E
X-335—Statement showing average cost of funds used in business eight years 1923-1930	5168	4457
X-336—Illinois Bell Tel. Co., Statement of Chicago division, Chicago division intrastate and Chicago division intrastate exchange showing net income required to cover all interest, amortization of bond discount and expense, and an 8% dividend together with resultant rates of return on the plaintiff's showing of average reproduction cost and average book cost including materials and supplies and cash working capital during years 1923-1930, inclusive	5172	4462
X-337—Illinois Bell Telephone Company: Chicago division, statement showing the net earnings per share available for the stockholders of the Illinois Bell Tel. Co. and the average earnings available for A. T. & T. stockholders on their proportionate investment in capital stock of A. T. & T. which would result from varying rates of return on the plaintiff's showing of average book cost including materials and supplies and cash working capital during years 1923-1930, inclusive; same for average reproduction cost	5173	4462
X-343—Response to Mr. Blackman's question to Mr. Plaintiff's Exhibit A-53 adjusted for rate base of book cost of plant, less depreciation, etc., years 1921-1933, inclusive	5177	4462c
X-338—Illinois Bell Tel. Co., Chicago division.		
X-340—Illinois Bell Tel. Co., Chicago division, Plaintiff's Exhibit A-53 adjusted for net income available for return under rates in suit and for rate base during years 1923 to 1931, inclusive; same for Chicago division intrastate and for Chicago division intrastate exchange, years 1923-1930, inclusive	5178	4462d
X-342—Interstate Commerce Commission, uniform system of accounts for telephone companies, January 1, 1913	5179	4463
Hammond on cross-examination. (Record 5518)	5190	4776
X-346—Order of November 29, 1919, on petition Illinois Public Utilities Commission, X-431.	5191	4476
X-347—Petition of May 21, 1920, in case No. 9291	5200	4483

	Original	Print
X-348—Mr. Crunden's working papers used in connection with his Exhibit A-100	5219	4499
X-349—Exhibits furnished by Mr. Heiss in connection with Heiss Ohio Exhibit No. 10, bearing the legends "Classification of Departmental Expenses" for the years 1920-1930, and "Analysis of Departmental Expenses, Year 1931."	5225	4501
X-351—Heiss Ohio Exhibit No. 11 furnished by plaintiff	5239	4505
X-352—Annual reports of Illinois Bell 1920-1931, inclusive	5240	4506
X-353—Annual reports of Western Electric Co., Illinois Corporation, 1909-1915, inclusive, and of New York Corporation, 1916-1931, inclusive	5253	4513
X-354—Portions of provisional estimates of Illinois Bell and letters of transmittal 1920-1931, inclusive	5361a	4588
X-355—Portions of provisional estimates of other licensee companies 1920-1930	5385	4591
X-356—Agreement, dated June 19, 1919, between International Telephone Sales and Engineering Corporation and Western Electric Co., Inc. (New York corporation)	5387	4593
X-357—Copy of agreement, dated March 21, 1924, between Theodore Gary, Frank H. Woods, H. L. Gary and A. F. Adams, and Western Electric Company, Inc. (New York corporation)	5394	4597
X-358—Correspondence between Western Electric and Automatic Electric, Inc.	5397	4599
X-359—Copy of agreement dated March 26, 1921, between International Telephone Sales & Engineering Corporation and Western Electric Company, Inc. (New York Corporation)	5408	4609
X-360—Memorandum regarding letter of May 26, 1927, from Electrical Research Products, Inc., to H. L. Gary	5409	4609
X-361—Letter, dated May 26, 1927, from International Telephone Sales & Engineering Corporation to Electrical Research Products, Inc.	5410	4610
X-362—Assignment, dated October 13, 1927, from International Telephone Sales & Engineering Corporation to Automatic Electric, Inc.	5413	4612
X-363—Agreement, dated March 21, 1924, between International Telephone Sales & Engineering Corporation and Western Electric Company, Inc.	5414	4613

	Original	Print
X-364—Agreement between International Telephone Sales & Engineering Corporation and Western Electric Co., Inc., dated May 24, 1927	5422	4617
X-365—Advertisements of A. T. & T., the cost of which was charged by the plaintiff as part of the costs of rendering the license contract services:		
"What is the A. T. & T.?", No. 268, February, 1931	5429	4625
"The Bell Telephone Company of Your Town," No. 258, April 1930	5429	4626
"Where Working Together is Everything," No. 242, December, 1928	5430	4627
"5,000 People Whose Sole Job is Bettering Your Service," No. 240, October, 1928	5431	4627
"Building on the Telephone Principle," No. 216, October, 1926	5432	4628
"Where the Bell System's Profit Goes," No. 239, September, 1928	5433	4629
"A Reduction in Long Distance Telephone Rates," No. 255, January, 1930.	5434	4630
"How Many are 421,000 Stockholders?", No. 230, December, 1927	5435	4631
X-367—Statement showing net profits on new A. T. & T. instruments, 1927	5436	4631
X-368—Statement entitled: "Western Electric Company, Inc., number of shares of A. T. & T. Company stock on which payments were completed by Western Electric Company employees"	5439	4633
X-369—Statement showing A. T. & T. releases 7/15/19 to 11/2/31	5441	4634
X-370—Statement showing royalties received by Western Electric Company, Electrical Research Products, Inc., and portion paid to A. T. & T. Company in accordance with releases	5445	4637
X-371—Statement re American Telephone and Telegraph Company, miscellaneous non-operating revenues (account 316), year 1931	5448	4640
X-373—Handbook of outside plant engineering practices, general, of A. T. & T. and associated companies	5449	4640
X-374—Memorandum of agreement dated February 16, 1922, between Western Electric Co., Inc. (New York Corporation), and Stromberg-Carlson Telephone Manufacturing Co.,		

	Original	Print
covering manufacture of inter-communicating telephone apparatus	5464	4660
X-375—Memorandum of agreement dated June 1, 1920, between Stromberg-Carlson Telephone Manufacturing Co., and the Western Electric Company, Inc. (New York Corporation)	5466	4662
X-378—Agreement between Western Electric Co., Inc., and International Standard Electric Corp., dated March 30, 1928	5469	4664
X-379—Memorandum of agreement dated January 1, 1919, between International Western Electric Co., Inc. and Northern Electric Co., Limited	5480	4675
X-380—Memorandum of Agreement dated Aug. 27, 1919, between International Western Electric Co., Inc. and Western Electric Co., Limited, Northern Electric Co., Limited, and the Bell Telephone Company of Canada, Limited	5483	4679
X-381—Supplemental patent agreement, American Telephone & Telegraph Co., Western Electric Co., Inc., International Western Electric Co., Inc., Northern Electric Co., Ltd., The Bell Telephone Co., of Canada, Ltd., dated May 16, 1923	5488	4684
X-382—Assignment from International Western Electric Co., Inc., to Western Electric Co., Inc. (New York Corporation) of its rights in connection with agreement between Assignor and Northern Electric Co., Ltd., dated January 1, 1919, which assignment is dated Sept. 30, 1925	5494	4689
X-383—Agreement between Western Electric Co., Inc., and Victor Talking Machine Co., Inc. dated June 26, 1925	5495	4690
X-385—Agreement between Western Electric Co., Inc., and Victor Talking Machine Co., Inc., dated March 18, 1925	5508	4701
X-386—Agreement between International Western Electric Co., Inc., and Victor Talking Machine Co., dated May 1, 1925	5515	4708
X-388—Memorandum of agreement between Victor Phonograph Co. and Electrical Research Products, Inc., dated January 11, 1928	5523	4715
X-390—Agreement between International Western Electric Co., Inc. and Columbia Graphophone Co., Ltd., dated April 22, 1925	5527	4719
X-391—Agreement between International Western Electric Co., Inc. and The Gramophone Co., Ltd., dated May 1, 1925	5534	4726

	Original	Print
X-392—Agreement between Western Electric Co., Inc. and The Gramophone Co., Ltd., dated Jan. 19, 1926	5543	4738
X-393—Agreement between Electrical Research Products, Inc. and The Gramophone Co., Ltd., dated Aug. 10, 1927	5553	4741
X-394—Agreement for Western Electric Sound System, Plan B2-N. D. P.-52W between Electrical Research Products, Inc. (subsidiary of Western Electric Company) etc. (Form 315TS)	5563	4749
X-395—Agreement between American Telephone and Telegraph Co. and the Bell Telephone Company of Canada, Ltd., covering Services, Licenses and Privileges, dated May 16, 1923	5564	4750
X-396—Copy of General Contract, agreement dated Nov. 1, 1880, between The Canadian Telephone Company, Ltd., and The American Bell Telephone Company, The Bell Telephone Company of Canada, the American Speaking Telephone Company, The Gold and Stock Telegraph Company and The Western Union Telegraph Company	5570	4756
X-397—Certified copy of resolution adopted by Executive Committee of A. T. & T. at meeting Jan. 15, 1924; certified copy resolution adopted at meeting January 7, 1925; certified copy resolution adopted at meeting January 13, 1926; certified copy resolution adopted at meeting Jan. 12, 1927; and certified copy resolution adopted at meeting January 18, 1928	5574	4760
X-398—Statement re Electrical Research Products, Inc., General Auditing Dept., Results of Talking Motion Year 1930	5576	4761
X-400—Supplement to City's Exhibits furnished by plaintiff	5587	4771
44—Illinois Bell Telephone Company—Distribution of Chicago Gross A. T. & T. Company Tolls between Illinois Bell Tel. Co. and A. T. & T.—1926-1930 1931	5587	4771
53—Agreement in connection with Employee's Stock Plan dated June 10, 1921, between A. T. & T. and Illinois Bell Tel. Co.....1931	5589	4772
54—Illinois Bell Telephone Company—Payments made to A. T. & T. covering collections under the Employee's Stock Plan.....1931	5596	4778

	Original	Print
57—Illinois Bell Telephone Company—Purchases from Western Electric Company 1931	5597	4779
76—Illinois Bell Telephone Company, Advances from A. T. & T. during years 1926 to 1930.....1931	5599	4781
80—Illinois Bell Telephone Company, balance sheets, years 1926 to 1930 1931	5607	4792
81—Illinois Bell Telephone Company, dividends 1926 to 1930.....1931	5610	4796
82—Illinois Bell Telephone Company, Entire Company, Net Earnings Available for Interest and Dividends 1931	5610	4796
117—Illinois Bell Telephone Company, Chicago Exchange, amount of billing to the A. T. & T. for operating the toll properties devoted to long lines service in Chicago—1926-1930 1931	5611	4796
142A—A. T. & T. Co., amounts received from all Associated Bell Companies for License Payments during the years 1918-1928, answer to question p. 2044 Trans. of Record..1931	5613	4799
142C—A. T. & T., Illinois Bell Telephone Company estimated requirements and cash taken; years 1918 to 1928—Recheck of Testimony, pp. 2110-2112, Trans. of Record p. 2135 1931	5614	4800
148—Supplemental answer to question pp. 2047 and 2059, Trans. of Rec.—A. T. & T.—Cost of Capital Funds Procured by the American Company through Sale of Stock, Bonds and other Borrowings.....1931	5614	4800
151—Illinois Bell Telephone Co.—Total Number of Employees, Number of Employees' Eligible to Subscribe, Number of Shares of A. T. & T. Stock issued to Employees during year, Number of shares A. T. & T. Stock under Subscription end of Year and % of Total Employees subscribing 1931	5615	4800
X-402—Correspondence between counsel and parties	5616	4801
X-403—Ruskin's statement of number of pages in CR and MR Reports furnished by plaintiff at later date	5618	4802

	Original	Print
X-404—Balance sheets of Graybar Electric Co. for years 1929, 1930 and 1931, with certificate of Assistant Secretary attached. (These were delivered to defendants by Mr. Thompson in open court on June 15, 1932.)	5619	4802
X-405—Statement entitled: "a/c Profit on Investment in Business with Illinois Bell 1916-1931 and 1923-1931. (This is working paper for Exhibit A-93 to 96 and was furnished by plaintiff	5620	48,2A
X-406—Burgess Index Numbers	5621	4803
X-408—Statement re Illinois Bell Tel. Co.—Chicago Area—Book Cost of Central Office Telephone Equipment	5631	4810
X-409—Statement re Illinois Bell Tel. Co.—Chicago Exchange—Company Stations	5632	4812
X-410—Statement re Illinois Bell Tel. Co.—Chicago Exchange—Figures used in arriving at average assets for 1923	5633	4812
X-415—Statement re Illinois Bell Tel Co.—Chicago Exchange—Public Pay Stations	5634	4813
X-416—Advice No. 40, dated July 15, 1919, to Public Utilities Commission, Springfield, Ill., with accompanying schedules issued by Chicago Telephone Company, etc. Attached petition with Exhibit A	5635	4813
X-418—Statement re Illinois Bell Tel. Co.—Stock Purchased by A. T. & T.—Years 1929 to 1931, incl.	5645	4815
X-419—Statement re Illinois Bell Tel. Co.—Prices at which A. T. & T. stock offered to employees	5645	4816
X-420—Executive Committee Minutes and Documents called for therein	5647	4816
Agreement of June 13, 1923, between Morkrum Company, Western Electric Company, Inc., and American Telephone & Telegraph Company	5681	4841
Letter of August 14, 1925, to Western Electric Company, Inc., signed by W. S. Gifford, President of American Telephone & Telegraph Co.	5685	4845
Agreement of October 6, 1925, between Automatic Electric Company, American Telephone and Telegraph Company and Western Electric Company, Inc.	5687	4847
License Agreement of July 17, 1928, between Stromberg-Carlson Telephone Manufacturing Company, Western Electric Company, and American Telephone and Telegraph Company	5691	4850

	Original	Print
Letter of June 12, 1928, to W. S. Gifford, President of American Telephone & Telegraph Co. signed by Edgar S. Bloom, President of Western Electric	5694	4852
Agreement of September 11, 1930, between American Telephone & Telegraph Company and Sterling Morton	5704	4859
Contract of May 24, 1927, whereby American Telephone & Telegraph Company extended franchise agreement with Automatic to 1936	5712	4868
X-421—Western Electric Sheets furnished in connection with Gregory Exhibits 1 and 7 in Ohio Case	5715	4869
X-422—Stock Issue Data, 1920-1931, for A. T. & T. Co.	5746	4892
X-423—Statement showing Approximate Sales of Panel and Step-by-Step Machine Switching Switchboards, 1920-1931, Inclusive (A); also Approximate Number of Lines of Panel and Step-by-Step Machine Switching Switchboards, 1918-1931, inclusive	5747	4893
X-424—Memorandum of proposed agreement between American Telephone and Telegraph Co. and Central Union Telephone Company, dated New York Feb. 15, 1924	5749	4894
X-426—Contracts, Schedules, Filings and Documents of Illinois Bell Telephone Company relating to Exchange and Toll Services in Chicago Area, effective during period 1923-1931, both inclusive	5751	4895
X-427—Pursuant to request of Defendants, plaintiff, on June 19, 1932, furnished copies of all contracts that ever existed in the Bell System containing a provision similar to Section 10 of the contract of Dec. 23, 1881, with the Chicago Telephone Company, being City's Exhibit 23. The plaintiff has furnished two contracts as being the only ones ever made containing provisions similar to Section 10.		
Agreement dated June 1, 1880, by and between the American Bell Telephone Co. and the Metropolitan Telephone Company:	5786	4925
Agreement dated May 7, 1880, between the National Bell Telephone Co. and the Pacific Bell Telephone Co.	5789	4982
X-429—Order of July 31, 1919, in connection with petition X-416, I. P. U. C.	5794	4931

	Original	Print
X-430—I. P. U. C. No. 2—Chicago Telephone Company—Schedule of Total Rates, filed July 10, 1919, in Case #9291	5802	4937
X-431—Petition of November 15, 1919, in Cases 8672 and 9291, I. P. U. C.	5804	4939
X-432—Illinois Bell Tel. Co.—Data relative to stock issues, 1920-1930	5805	4940
X-433—Letter dated August 26, 1927, to Telephone Company Presidents re prices on approximately 50 classes of telephone apparatus	5806	4941
X-434—Letter dated Oct. 17, 1930, to Frederick H. Reid, President of Mountain States Telephone & Telegraph Co., from Edgar S. Bloom with sheet attached entitled: "Important Price Increases effective Nov. 1, 1930."	5809	4942
X-435—MR and CR Reports	5812	4944a
X-436—Summary Sheets of Turner's Rebuttal Depreciation Study	5818	4949
X-437—Turner's Working Papers	5829	4956
X-438—Statement re A. T. & T. Co.—Use of Conversion formula in Connection with return on Entire Company Stock in Comparison with return on that portion of Stock represented by Investment in Stock of Illinois Bell	5831	4957
X-439—Letter of June 29, 1932—Mr. Goldstein to Mr. Blackman	5834	4959

[fol. 5038] EXHIBIT X-289

American Telephone and Telegraph Company

Changes in Capital Stock Outstanding Since 1922

Capital stock outstanding, December 31, 1922	$699,347,400
1923:	
Issued for cash at par in accordance with the terms of the offer of August 24, 1922 to the stockholders of record of September 8, 1922	19,283,800
*Issued to employees upon completion of installment payments under Employes Stock Plan—	
$7,781,200 par at par	
1,009,300 par at $105 per share	
1,669,300 par at $110 per share	10,459,800
*Issued in exchange for convertible bonds at a premium at $646,776	6,428,200
Capital stock outstanding December 31, 1923	$735,519,200
1924:	
Issued for cash at par in accordance with the terms of the offer of May 20, 1924 to stockholders of record of June 10, 1924	128,253,700
Issued to employees upon completion of installment payments under Employes Stock Plan—	
14,857,400 par at par	
1,006,300 " " $105 per share	
1,235,000 " " $110 " "	
2,600 " " $115 per share	17,101,300
Issued in exchange for convertible bonds at a premium of $686,562 over par	7,603,900
Capital Stock outstanding, December 31, 1924	$888,478,100
1925:	
Issued for cash at par in accordance with the terms of the offer of May 20, 1924 to stockholders of record June 10, 1924	20,921,100
Issued to employees of the Bell System upon completion of installment payments under Employees' Stock Plan—	
$4,958,500 par at $110 per share	
1,066,100 " " $115 " "	
70,700 " " $118 " "	
65,000 " " $121 " "	
6,100 " " $125 " "	6,166,400
Issued in exchange for convertible bonds at a premium of $589,232 over par-value	6,031,900
Capital stock outstanding, December 31, 1925	$921,597,500
[fol. 5039] 1926:	
Issued for cash at par in accordance with the terms of the offer of May 19, 1926 to stockholders of record June 8, 1926	$134,912,800
Sale to public of portion of unsubscribed stock offered to stockholders of record September 8, 1922, at 145.85 per share	449,600
Issued to employes of the Bell System upon completion of installment payments under Employes' Stock Plan—	
7,316,800 par at $115 per share	
18,700 " " $118 " "	
11,800 " " $121 " "	
20,600 " " $125 " "	7,367,900
Capital stock outstanding December 31, 1926	$1,064,327,800

1927:	
Issued for cash at par in accordance with the terms of the offer of May 19, 1926, to stockholders of record June 8, 1926	17,641,400
Sale to public of portion of unsubscribed stock remaining in treasury from offer to stockholders of record September 8, 1922 and June 10, 1924 (sale at average of $182.89 per share)	1,291,900
Issued to employees of the Bell System upon completion of installment payments under Employees' Stock Plan—	
$13,628,300 par at $115 per share	
6,476,500 " " $118 " "	
20,600 " " $121 " "	
24,200 " " $125 " "	
4,900 " " $130 " "	20,154,500
Capital Stock outstanding December 31, 1927	$1,103,415,600
1928:	
Issued for cash at par in accordance with the terms of the offer of May 16, 1928 to stockholders of record June 1, 1928	164,494,300
Sale to public of portion of unsubscribed stock remaining in treasury from previous offers to stockholders (sold at average $187.58 per share	2,032,700
Issued to employes of the Bell System upon completion of installment payments under Employes' Stock Plan—	
$7,992,200 par at $118 per share	
8,854,800 " " $121 " "	
1,979,000 " " $125 " "	
922,800 " " $130 " "	19,748,800
Capital stock outstanding December 31, 1928	$1,289,691,400
1929:	
Issued for cash at par in accordance with terms of offer of May 16, 1928 to stockholders of record June 1, 1928	20,709,200
Issued to employes of the Bell System upon completion of installment payments under Employes' Stock Plan—	
$11,758,200 par issued at $125 per share	
181,000 " " " $130 " "	11,939,200
Capital stock outstanding December 31, 1929	$1,322,339,800
[fol. 5040] 1930:	
Issued for cash at par in accordance with terms of offer of April 16, 1930 to stockholders of record May 23, 1930	$218,667,100
Issued is conversion of 4½% convertible bonds, 1939, premium cash paid company—$164,855,341.12	206,189,700
Issued to employes of Bell System upon completion of installment payments under Employes' Stock Plan—	
$10,916,000 par at $125 per share	
20,287,300 " " $130 " "	
98,700 " " $150 " "	31,302,000
Issued in exchange, share for share for common stock of Teletype Corporation	15,000,000
Sales of unsubscribed stock remaining in treasury from previous offers to stockholders (at $150 per share)	2,152,600
Capital stock outstanding, December 31, 1930	$1,795,651,200

(Here follows side folio 5041)

[fol. 5041]

EXHIBIT X-293

American Telephone and Telegraph Company

Investments in Capital Stock of Western Electric Company, Inc., from November 17, 1915, to December 31, 1930

Date purchased	Common			Preferred			Total		
	Number of shares	Price per share	Cost	Number of shares	Price per share	Cost	Number of shares	Price per share	Cost
November 17, 1915	146,050	$46.08	$6,729,710	146,050	$100.00	$14,605,000	292,100	$73.04	$21,334,710
April 16, 1917, Installment 50%						7,302,500			7,302,500
November 30, 1917, Installment 50%				146,050	100.00	7,302,500	146,050	100.00	7,302,500
May 19, 1917				347	100.00	34,700	347	100.00	34,700
February 20, 1918	705	231.16	162,968				705	231.16	162,968
March 29, 1919	50	200.00	10,000				50	200.00	10,000
July 3, 1919				200	100.00	20,000	200	100.00	20,000
July 11, 1919	1	200.00	200				1	200.00	200
October 7, 1919	16	251.19	4,019	32	99.16	3,173	48	149.83	7,192
October 23, 1919	12	252.17	3,026	11	99.09	1,090	23	178.96	4,116
March 1, 1920				207	104.28	21,585	207	104.28	21,585
March 4, 1920	196,602	180.00	35,388,360				196,602	180.00	35,388,360
Rights			8,233						8,233
				292,897*	100.00*	29,290,548*	292,897*	100.00*	29,290,548*
Preferred stock called (premium of $20.00 per share received on 146,050 shares preferred stock called credited to cost of common stock)			2,921,000*						2,921,000*
April 3, 1920	9	190.00	1,710				9	190.00	1,710
May 28, 1920	2	190.00	380				2	190.00	380
June 22, 1920	21	195.24	4,100				21	195.24	4,100
March 30, 1921	25	180.00	4,500				25	180.00	4,500
November 23, 1921	16	195.00	3,120				16	195.00	3,120
June 9, 1922	338	185.00	62,530				338	185.00	62,530
December 30, 1922	147,535	100.00	14,753,500				147,535	100.00	14,753,500
Rights			10,234						10,234
March 9, 1923	50	185.00	9,250				50	185.00	9,250
October 24, 1923	14	180.00	2,520				14	180.00	2,520
March 9, 1925	43	180.00	7,740				43	180.00	7,740
March 11, 1925	169	180.00	30,420				169	180.00	30,420
September 30, 1925, Stock Dividend	245,829						245,829		
October 16, 1925	37½	140.00	5,250				37½	140.00	5,250
December 26, 1925	3½*	73.71*	258*				3½*	73.71*	258*
June 2, 1927, Surrendered	737,521*						737,521*		
Received in exchange for 737,521 shares surrendered	3,687,605						3,687,605		
December 31, 1928	245,842	40.00	9,833,680				245,842	40.00	9,833,680
Rights			32						32
May 31, 1929	491,685	40.00	19,667,400				491,685	40.00	19,667,400
Rights			78						78
December 2, 1929	737,532	40.00	29,501,280				737,532	40.00	29,501,280
Rights			189						189
March 31, 1930	737,829	40.00	29,513,160				737,829	40.00	29,513,160
Rights			5,775						5,775
Balance, December 31, 1930	5,900,493	$24.20	$142,802,106				5,900,493	$24.20	$142,802,106

* Red figures.

[fol. 5042]

Exhibit X-294

American Telephone and Telegraph Company

Return on Investments in Capital Stock of Western Electric Company, Inc., During Years 1916 to 1930, Inclusive

Year	Type	Average yearly investment	Dividends received	Dividend yield (%)	Dividend yield converted to average return to A. T. & T. Co. stockholders on their investments in capital stock of A. T. & T. Company (%)
1916	Common	$6,729,710	$1,168,400	17.36	
	Preferred	14,605,000	876,300	6.00	
	Total	$21,334,710	$2,044,700	9.58	
1917	Common	$6,729,710	$1,168,400	17.36	
	Preferred	23,489,519	1,315,491	5.60	
	Total	$30,219,229	$2,483,891	8.22	
1918	Common	$6,869,907	$1,467,550	21.36	
	Preferred	29,244,700	1,754,682	6.00	
	Total	$36,114,607	$3,222,232	8.92	
1919	Common	$6,901,870	$1,468,000	21.27	
	Preferred	29,255,563	1,755,347	6.00	
	Total	$36,157,433	$3,223,347	8.91	
1920	Common	$33,783,796	$2,943,095	8.71	13.22
	Preferred	5,052,081	3,273,534(a)	64.80	125.89
	Total	$38,835,877	$6,216,629	16.01	27.88

EXHIBIT X-294—Continued

Year	Type	Average yearly investment	Dividends received	Dividend yield (%)	Dividend yield converted to average return to A. T. & T. Co. stockholders on their investments in capital stock of A. T. & T. Company (%)
1921	Common	$39,395,472	$3,434,908	8.72	12.74
1922	Common	39,471,893	3,437,625	8.71	12.03
1923	Common	54,243,586	4,914,355	9.06	12.24
1924	Common	54,237,360	4,914,460	9.06	12.36
1926	Common	54,269,334	5,531,238	10.19	14.26
1927	Common	54,280,512	7,375,210	13.59	19.90
1928	Common	54,280,512	55,314,075	101.91	161.16
1929	Common	54,280,512	11,062,815	20.38	31.47
1930	Common	77,989,245	23,169,039	29.63	47.81
		135,523,464	22,864,143	16.87	27.18
Average Yields:					
1916 to 1930		$52,041,781	$10,709,911	20.39	
1920 to 1922		39,233,404	4,363,054	11.12	17.50
1920 to 1930		59,709,158	13,470,409	22.56	35.19
1923 to 1930		67,386,816	16,885,667	25.06	39.06

(a) Includes amount of $2,936,940, representing premium of $20 per share on 146,847 shares called. The premium on the remaining 146,050 shares of preferred stock called in 1920 amounting to $2,931,000 was credited to the investment in common stock of Western Electric Company, Inc.

(Here follows side folio 5043)

[fol. 5043]

EXHIBIT X-295

Western Electric Company Annual Yield Per Share of Capital Stock on Stockholders' Investment During the Years 1882-1915

Year Ending December 31 (1)	Total Shares Outstanding (2)	Shares of Bonus Stock Outstanding (3)	Cash Dividends on Bonus Stock (4)	Number of Shares of Stock Sold (5)	Shares of Stock Dividends on Stock Sold (6)	Total Shares of Stock Sold Outstanding (7)	Amount Received by W. E. for Stock Sold (8)	Total Amt. Rec'd By W. E. for Stock Outstanding (9)	Average Price Per Share Sold (10)	Cash Dividends on Stock Sold (11)	Dividend Per Share (12)	Yield on Price Pr. Sh. Sold (13)	Average Price Per Share Outstand'g (14)	Yield on Price Per Share Outstanding (15)
1882	10,000	2,000		8,000		8,000	$745,000	$745,000	93.12				$74.50	
1883	10,000	2,000	$6,000			8,000		745,000	93.12	$24,000	$3.00	3.22%	74.50	4.03%
1884	10,000	2,000				8,000		745,000	93.12				74.50	
1885	10,000	2,000	9,000			8,000		745,000	93.12	36,000	4.50	4.83%	75.40	6.04%
1886	10,000	2,000	12,000			8,000		745,000	93.12	48,000	6.00	6.44%	74.50	8.05%
1887	10,000	2,000	16,000			8,000		745,000	93.12	64,000	8.00	8.59%	74.50	10.74%
1888	10,000	2,000	27,000			8,000		745,000	93.12	108,000	13.50	14.50%	74.50	18.12%
1889	10,000	2,000	20,000			8,000		745,000	93.12	80,000	10.00	10.74%	74.50	13.42%
1890	17,500	3,000	20,000	2,500	4,000	14,500	250,000	995,000	68.62	80,000	10.00	14.57%	56.86	17.59%
1891	17,500	3,000	24,000			14,500		995,000	68.62	116,000	8.00	11.66%	56.86	14.07%
1892	17,500	3,000	24,000			14,500		995,000	68.62	116,000	8.00	11.66%	56.86	14.07%
1893	17,500	3,000	30,000			14,500		995,000	68.62	145,000	10.00	14.57%	56.86	17.59%
1894	20,000	3,428-4/7	33,214		2,071-3/7	16,571-3/7		995,000	60.04	160,536	10.00-a	16.13%	49.75	19.47%
1895	30,000	5,142-6/7	39,429		8,285-5/7	24,857-1/7		995,000	40.03	190,571	8.50-b	19.15%	33.17	23.12%
1896	30,000	5,142-6/7	41,143			24,857-1/7		995,000	40.03	198,857	8.00	19.99%	33.17	24.12%
1897	30,000	5,142-6/7	41,143			24,857-1/7		995,000	40.03	198,857	8.00	19.99%	33.17	24.12%
1898	35,000	6,000	48,000		4,142-6/7	29,000		995,000	34.31	232,000	8.00	23.32%	28.43	28.14%
1899	60,000	8,571-3/7	53,143	10,000	12,428-4/7	51,428-4/7	1,000,000	1,995,000	38.79	276,857	8.00-c	13.88%	33.25	16.54%
1900	70,000	8,571-3/7	68,571	10,000		61,428-4/7	1,000,000	2,995,000	48.76	431,429	8.00-d	14.40%	42.79	16.69%
1901	80,000	9,796	75,918		8,775-3/7	70,204		2,995,000	42.66	544,082	8.00-e	18.17%	37.44	20.70%
1902	100,000	12,245	93,042		17,551	87,755		2,995,000	34.13	666,958	8.00-f	22.27%	29.95	25.38%
1903	120,000	14,694	112,654		17,551	105,306		2,995,000	28.44	807,346	8.00-g	26.96%	24.96	30.72%
1904	120,000	14,694	117,552			105,306		2,995,000	28.44	842,448	8.00	28.13%	24.96	32.05%
1905	120,000	14,694	117,552			105,306		2,995,000	28.44	842,448	8.00	28.13%	24.96	32.05%
1906	150,000	14,694	117,552	30,000		135,306	3,000,000	5,995,000	44.31	1,022,448	8.00-h	17.06%	39.97	19.02%
1907	150,000	14,694	117,552			135,306		5,995,000	44.31	1,082,448	8.00	18.05%	39.97	20.02%
1908	150,000	14,694	117,552			135,306		5,995,000	44.31	1,082,448	8.00	18.05%	39.97	20.02%
1909	150,000	14,694	117,552			135,306		5,995,000	44.31	1,082,448	8.00	18.05%	39.97	20.02%
1910	150,000	14,694	166,483			135,306		5,995,000	44.31	1,533,517	11.33	25.58%	39.97	28.36%
1911	150,000	14,694	146,940			135,306		5,995,000	44.31	1,353,060	10.00	22.57%	39.97	25.02%
1912	150,000	14,694	146,940			135,306		5,995,000	44.31	1,353,060	10.00	22.57%	39.97	25.02%
1913	150,000	14,694	146,940			135,306		5,995,000	44.31	1,353,060	10.00	22.57%	39.97	25.02%
1914	150,000	14,694	146,940			135,306		5,995,000	44.31	1,353,060	10.00	22.57%	39.97	25.02%
1915	150,000	14,694	146,940			135,306		5,995,000	44.31	1,353,060	10.00	22.57%	39.97	25.02%
Totals			$2,400,752	60,500	74,806		$5,995,000			$18,777,998				
Yearly Average			$70,610				$2,789,118			$552,294		19.80%		22.33%

For explanatory notes indicated by reference marks above and for other comments see succeeding page.

[fol. 5044] Western Electric Company

Annual Yield per Share of Capital Stock on Stockholders' Investment During the Years 1882-1915

Notes

The figures for the year 1915 do not include preferred stock issued in November 1915 or dividends on the same. The dividends on preferred stock amounted to $109,500, which if given consideration above would increase the yield per share outstanding to 26.85% for the year 1915 and to 22.45% for the entire period.

Columns (3) and (7) include increases in stock outstanding due to stock dividends.

a.	$7.50 on	20,000	shares;	$2.50 on	17,500	shares.
b.	2.50 on	20,000	" ;	6.00 on	30,000	"
c.	2.00 on	60,000	" ;	6.00 on	35,000	"
d.	2.00 on	70,000	" ;	6.00 on	60,000	"
e.	6.00 on	80,000	" ;	2.00 on	70,000	"
f.	6.00 on	100,000	" ;	2.00 on	80,000	"
g.	6.00 on	120,000	" ;	2.00 on	100,000	"
h.	6.00 on	150,000	" ;	2.00 on	120,000	"

[fol. 5045] Western Electric Company, Inc.

Average Annual Return to Company's Investors on all Capital Stock Issues on Basis I* During Years 1916 to 1930, Inclusive

Year Ended December 31	Average capital from all issues	Total dividends paid	% Dividends paid
(1)	(2)	(3)	(4)
1916	$5,995,000	$2,100,000	35.03
1917	13,495,000	2,550,000	18.90
1918	20,995,000	3,300,000	15.72
1919	20,995,000	3,300,000	15.72
1920	35,870,000	24,345,000	67.87
1921	41,995,000	3,500,000	8.33
1922	41,995,000**	3,500,000**	8.33
1923	56,995,000	5,000,000	8.77
1924	56,995,000	5,000,000	8.77
1925	56,995,000	5,625,000	9.87
1926	56,995,000	7,500,000	13.16
1927	56,995,000	56,250,000	98.69
1928	56,995,000	11,250,000	19.74
1929	81,161,667	23,500,000	28.95
1930	139,495,000	23,250,000	16.67
Total		$179,970,000	
Average 1916-1930	$49,597,778	11,998,000	24.19
Average 1920-1922	39,953,333	10,448,333	26.15
Average 1920-1930	62,044,243	15,338,182	24.72
Average 1923-1930	70,328,333	17,172,125	24.42

* "Basis I" considers stock transactions of 1920 as being separate transactions and having no relationship to each other. The preferred stock outstanding (300,000 shares) was redeemed at $120 per share or $36,000,000. The difference between the redemption figures and cost was considered as being dividends or return to the investors. The sale of 200,000 shares of common stock during the year 1920 at $180 per share or $36,000,000 was considered to have no connection with the redemption of the preferred stock.

** Preferred stock, issued in 1922 and sold to the general public, was excluded from the above. Dividends on same were also excluded.

(Here follows side folio 5046)"

[fol. 5046]

Western Electric Company, Inc.

Class I (Issues Prior to 1916)—Annual Yield per Share on Investment During Years 1916 to 1930, Inclusive

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Shares of Bonus Stock Outstanding (3)	Cash Dividends on Bonus Stock: Amount (4)	Cash Dividends on Bonus Stock: Per Share (5)	Shares of Stock Sold Outstanding (6)	Total Capital Received for Stock Sold and Outstanding (7)	Average Price Per Share Sold (8)	Cash Dividends on Stock Sold: Amount (9)	Cash Dividends on Stock Sold: Per Share (10)	Yield on Price Per Share Sold (11)	Average Price Per Share Outstanding (12)	Yield on Price Per Share Outstanding (13)
1916	150,000 C	14,694 C	$117,552 C	$8.00 C	135,306 C	$5,995,000.00	$44.31	$1,082,448 C	$8.00 C	31.60%	$39.97	35.03%
	150,000 P	14,694 P	88,164 P	6.00 P	135,306 P			811,836 P	6.00 P			
1917	150,000 C	14,694 C	117,552 C	8.00 C	135,306 C	5,995,000.00	44.31	1,082,448 C	8.00 C	31.60	39.97	35.03
	150,000 P	14,694 P	88,164 P	6.00 P	135,306 P			811,836 P	6.00 P			
1918	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	36.11	39.97	40.03
	150,000 P	14,694 P	88,164 P	6.00 P	135,306 P			811,836 P	6.00 P			
1919	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	36.11	39.97	40.03
	150,000 P	14,694 P	88,164 P	6.00 P	135,306 P			811,836 P	6.00 P			
1920	150,000 C	14,694 C	146,940 C 16,898 P 1,763,280 P	10.00 C 1.15 P 120.00 P	135,306 C	5,995,000.00	44.31	1,353,060 C 155,602 P 16,236,720 P	10.00 C 1.15 P 120.00 P	296.00	39.97	328.15
1921	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	22.57	39.97	25.03
1922	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	22.57	39.97	25.03
1923	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	22.57	39.97	25.03
1924	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	44.31	1,353,060 C	10.00 C	22.57	39.97	25.03
1925	150,000 C	14,694 C	146,940 C	10.00 C	135,306 C	5,995,000.00	29.54	1,353,060 C	10.00 C	25.39	26.64	28.15
	75,000 C*	7,347 C	18,367 C	2.50 C	67,653 C			169,133 C	2.50 C			
1926	225,000 C	22,041 C	220,410 C	10.00 C	202,959 C	5,995,000.00	29.54	2,029,590 C	10.00 C	33.85	26.64	37.53
1927	1,125,000 C§	110,205 C	1,653,075 C	15.00 C	1,014,795 C	5,995,000.00	5.91	15,221,925 C	15.00 C	253.91	5.33	281.48
1928	1,125,000 C	110,205 C	330,615 C	3.00 C	1,014,795 C	5,995,000.00	5.91	3,044,385	3.00 C	50.78	5.33	56.30
1929	1,125,000 C	110,205 C	551,025	5.00 C	1,014,795 C	5,995,000.00	5.91	5,073,975	5.00 C	84.64	5.33	93.83
1930	1,125,000 C	110,205 C	440,820	4.00 C	1,014,795 C	5,995,000.00	5.91	4,059,180	4.00 C	67.71	5.33	75.06
Totals			$6,757,771					$62,227,229				
Yearly average			$450,518			$5,995,000.00		$4,148,482		69.20%		76.71%

* Stock Dividend of 50%.

§ Exchange of one old share for five new shares.

(3) Including Preferred Stock Received in Exchange of Common Stock in 1916, Stock Dividend in 1925, and Exchange of Stock in 1927.

(4) Including cash received in 1920 for Preferred Stock redeemed.

(6) Including Preferred Stock Received in Exchange of Common Stock in 1916, Stock Dividend in 1925, and Exchange of Stock in 1927.

[fol. 5047]

Western Electric Company, Inc.

Class II, A—6% Cumulative Preferred Stock of Year 1917

Annual Yield per Share on Investment During Years 1917 to 1920, Inclusive

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share (4)	Cash Dividend		Per Cent Annual Yield Per Share (7)
				Amount (5)	Per Share (6)	
1917	150,000	$15,000,000	$100.00	$450,000	$3.00	6.00 (a)
1918	150,000	15,000,000	100.00	900,000	6.00	6.00
1919	150,000	15,000,000	100.00	900,000	6.00	6.00
1920	{	15,000,000	100.00	172,500	1.15	6.00 (b)
	{	.....	.....	3,000,000 (d)	20.00	20.00
Totals	.....	.....	.....	$5,422,500	$36.15	.....
Yearly average	.....	$15,000,000	.....	$2,021,667	$13.48 (c)	13.48 (c)

(a) Based on period held, i.e., two quarters of the year 1917.
(b) Based on period held, i.e., two months and nine days of the year 1920.
(c) Based on period held, i.e., two years, eight months and nine days.
(d) Amount paid over par value at redemption. The stock was redeemed at $120.00 per share.

[fol. 5048]

Western Electric Company, Inc.

Class II, B—Common Stock Issue of 1920

Annual Yield per Share on Investment During Years 1920 to 1930, Inclusive

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividends		Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1920	200,000	$36,000,000	$180.00	$1,500,000	$7.50	5.56% (a)
1921	200,000	36,000,000	180.00	2,000,000	10.00	5.56
1922	200,000	36,000,000	180.00	2,000,000	10.00	5.56
1923	200,000	36,000,000	180.00	2,000,000	10.00	5.56
1924	200,000	36,000,000	180.00	2,000,000	10.00	5.56
1925	200,000	36,000,000	120.00	2,000,000	10.00	6.25
	100,000 (b)	.....	.....	250,000	2.50 (c)	.....
1926	300,000	36,000,000	120.00	3,000,000	10.00	8.33
1927	1,500,000 (d)	36,000,000	24.00	22,500,000	15.00	62.50
1928	1,500,000	36,000,000	24.00	4,500,000	3.00	12.50
1929	1,500,000	36,000,000	24.00	7,500,000	5.00	20.83
1930	1,500,000	36,000,000	24.00	6,000,000	4.00	16.67
Total	.....	.....	.....	$55,250,000	.....	.....
Yearly average	.....	.....	.....	$5,139,535	.....	14.28%

(a) Based on period held (three quarters) which has been adjusted to annual basis.
(b) Stock Dividend of 50%.
(c) Based on period held, i.e., one quarter of the year.
(d) Based on exchange of one old share for five new shares.

[fol. 5049]

Western Electric Company, Inc.

Class II C—Common Stock Issue of December 1922

Annual Yield Per Share on Investment During Years 1923 to 1930, Inclusive

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividend		Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1923	150,000	$15,000,000	$100.00	$1,500,000	$10.00	10.00%
1924	150,000	15,000,000	100.00	1,500,000	10.00	10.00
1925	150,000	15,000,000	66.67	1,500,000	10.00	11.25
	75,000 (a)	.....	.....	187,500	2.50 (b)	.....
1926	225,000	15,000,000	66.67	2,250,000	10.00	15.00
1927	1,125,000 (c)	15,000,000	13.33	16,875,000	15.00	112.50
1928	1,125,000	15,000,000	13.33	3,375,000	3.00	22.50
1929	1,125,000	15,000,000	13.33	5,625,000	5.00	37.50
1930	1,125,000	15,000,000	13.33	4,500,000	4.00	30.00
Total	.....	.....	.....	$37,312,500	.....	.....
Average	.....	$15,000,000	.....	$4,664,062	.....	31.09%

(a) Stock dividend of 50%.
(b) Based on period held, i. e., one quarter of the year.
(c) Based on exchange of one old share for five new shares.

[fol. 5050]

Western Electric Company, Inc.

Class II D—Common Stock Issue of December 31, 1928

Annual Yield Per Share on Investment During Years 1929 and 1930

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividend		Annual Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1929	250,000	$10,000,000	$40.00	$1,250,000	$5.00	12.50%
1930	250,000	10,000,000	40.00	1,000,000	4.00	10.00
Total	.....	.....	.....	$2,250,000	.....	.....
Yearly Average	.....	$10,000,000	$40.00	$1,125,000	$4.50	11.25%

[fol. 5051] Western Electric Company, Inc.

Class II E—Common Stock Issue of May 31, 1929

Annual Yield Per Share on Investment During Years 1929 and 1930

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividend		Annual Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1929	500,000	$20,000,000	$40.00	$2,000,000	$4.00	17.14%
1930	500,000	20,000,000	40.00	2,000,000	4.00	10.00
Total	.....	.....	.....	$4,600,000	.....	.....
Yearly Average	.....	.....	.....	$2,526,316	.....	12.63%

[fol. 5052] Western Electric Company, Inc.

Class II F—Common Stock Issue of December 2, 1929

Annual Yield Per Share on Investment During Years 1929 and 1930

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividend		Annual Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1929	750,000	$30,000,000	$40.00	$1,500,000	$2.00	60.00%
1930	750,000	30,000,000	40.00	3,000,000	4.00	10.00
Total	.....	.....	.....	$4,500,000	.....	.....
Yearly Average	.....	.....	.....	$4,153,974	.....	13.85%

[fol. 5053]

Western Electric Company, Inc.

Class II G—Common Stock Issue of March 31, 1930

Annual Yield per Share on Investment During Year 1930

Year Ending Dec. 31 (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share Outstanding (4)	Cash Dividend		Annual Yield on Price Per Share Outstanding (7)
				Amount (5)	Per Share (6)	
1930	750,000	$30,000,000	$40.00	$2,250,000	$3.00	10.00%

[fol. 5054] Western Electric Company, Inc.

Average Return to Investors on Individual Issues of Capital Stock Adjusted to Include Changes in Values Thereof

(Issues Identified by Roman Numerals and Letters for Convenient Reference)

During the Years 1916 to 1930

Class I—Original Issues of Stock Prior to 1916:	
(1) Book Value of 150,000 shares of common and 150,000 shares of Preferred at Jan 1, 1916	$40,229,032.00
(2) Book Value of 1,125,000 shares of common at December 31, 1930 (@ 31.16 per share)	35,055,000.00
(3) Decrease in Book Value during years 1916 to 1930	$5,174,032.00
(4) Total Dividends Paid during years 1916 to 1930	68,985,000.00
(5) Total Dividends less Decrease in Book Value	$63,810,968.00
(6) Yearly Average of Item (5)	$4,254,065.00
(7) Average Annual Capital Investment	5,995,000.00
(8) Ratio of Item (6) to Item (7)	70.96%
Class II B—Common Stock Issue of 1920:	
(1) Capital received from this issue of 200,000 shares	$36,000,000.00
(2) Book Value of 1,500,000 shares at December 31, 1930 (@ 31.16 per share)	46,740,000.00
(3) Increase in Value during years 1920 to 1930	$10,740,000.00
(4) Total Dividends Paid during years 1920 to 1930	55,250,000.00
(5) Total Dividends plus Increase in Value	$65,990,000.00
(6) Yearly average of Item (5) (Based on 10¾ years)	$6,138,605.00
(7) Average Annual Capital Investment	36,000,000.00
(8) Ratio of Item (6) and (7)	17.05%
Class II C—Common Stock Issue of December 1922:	
(1) Capital received from this issue of 150,000 shares	$15,000,000.00
(2) Book Value of 1,125,000 shares at December 31, 1930 (@ 31.16 per share)	35,055,000.00
(3) Increase in Value during years 1922 to 1930	$20,055,000.00
(4) Total Dividends paid during years 1922 to 1930	37,312,500.00
(5) Total Dividends plus increase in value	$57,367,500.00
(6) Yearly average of Item (5)	$7,170,937.00
(7) Average Annual Capital Investment	15,000,000.00
(8) Ratio of Item (6) to Item (7)	47.81%
Class II D—Common Stock Issue of December 31, 1928:	
(1) Capital received from this issue of 250,000 shares	$10,000,000.00
(2) Book Value of 250,000 shares at December 31, 1930 (@ 31.16 per share)	7,790,000.00
(3) Decrease in Value during years 1929 and 1930	$2,210,000.00
(4) Total Dividends paid during years 1929 and 1930	2,250,000.00
(5) Total Dividends minus decrease in value	$40,000.00
(6) Yearly Average of Item (5)	$20,000.00
(7) Average Annual Capital Investment	10,000,000.00
(8) Ratio of Item (6) to Item (7)	.20%

[fol. 5055]

Western Electric Company, Inc.

Average Return to Investors on Individual Issues of Capital Stock Adjusted to Include Changes in Values Thereof

(Issues Identified by Roman Numerals and Letters for Convenient Reference)

During the Years 1916 to 1930

Class II E—Common Stock Issue of May 31, 1929:	
(1) Capital received from this issue of 500,000 shares	$20,000,000.00
(2) Book Value of 500,000 shares at December 31, 1930 (@ $31.16 per share)	15,580,000.00
(3) Decrease in value during years 1929 and 1930	$4,420,000.00
(4) Total Dividends Paid during years 1929 and 1930	4,000,000.00
(5) Total Dividends minus decrease in value	$−420,000.00*
(6) Yearly average of Item 5 (Based on 1.58 years)	$−265,823.00*
(7) Average annual capital investment	20,000,000.00
(8) Ratio of Item (6) to Item (7)	−1.33%*
Class II F—Common Stock Issue of December 2, 1929:	
(1) Capital received from this issue of 750,000 shares	$30,000,000.00
(2) Book Value of 750,000 shares at December 31, 1930 (@ $31.16 per share)	23,370,000.00
(3) Decrease in value during years 1929 and 1930	$6,630,000.00
(4) Total Dividends Paid during years 1929 and 1930	4,500,000.00
(5) Total Dividends minus decrease in value	$−2,130,000.00*
(6) Yearly average of Item 5 (Based on 13 months)	$−1,966,154.00*
(7) Average annual capital investment	30,000,000.00
(8) Ratio of Item (6) to Item (7)	−6.55%*
Class II C—Common Stock Issue of March 31, 1930:	
(1) Capital received from this issue of 750,000 shares	$30,000,000.00
(2) Book Value of 750,000 shares at December 31, 1930 (@ $31.16 per share)	23,370,000.00
(3) Decrease in Value during year 1930	$6,630,000.00
(4) Total Dividends Paid during year 1930	2,250,000.00
(5) Total Dividends minus decrease in value	$−4,380,000.00
(6) Yearly average of Item 5 (Based on 9 months)	$−5,840,000.00*
(7) Average annual capital investment	30,000,000.00
(8) Ratio of Item (6) to Item (7)	−19.47%

* Red figures.

NOTE.—Total net increase in book value during period held for all issues of stock was $5,730,968.00.

[fol. 5056] Western Electric Company, Inc.

Average Return to Company's Investors on All Capital Stock Issues on Basis II* During Years 1916 to 1930, Inclusive

Year Ended December 31	Average capital from all issues	Total dividends paid	% Dividends paid
(1)	(2)	(3)	(4)
1916	$5,995,000	$2,100,000	35.03
1917	13,495,000	2,550,000	18.90
1918	20,995,000	3,300,000	15.72
1919	20,995,000	3,300,000	15.72
1920	20,995,000	3,345,000	15.93
1921	20,995,000	3,500,000	16.67
1922	20,995,000**	3,500,000**	16.67
1923	35,995,000	5,000,000	13.89
1924	35,995,000	5,000,000	13.89
1925	35,995,000	5,625,000	15.63
1926	35,995,000	7,500,000	20.84
1927	35,995,000	56,250,000	156.27
1928	35,995,000	11,250,000	31.25
1929	60,161,667	23,500,000	39.06
1930	118,495,000	23,250,000	19.62
Total		$158,970,000	
Average 1916-1930	34,606,111	10,598,000	30.62
Average 1920-1922	20,995,000	3,448,333	16.42
Average 1920-1930	41,601,061	13,429,000	32.28
Average 1923-1930	49,328,333	17,172,125	34.81

* "Basis II" considers stock transactions of 1920 to be exchanges of common stock for preferred stock on the basis of two shares of common for three shares of preferred.

** Peferred stock, issued in 1922 and sold to the general public, was excluded from the above. Dividends on same were also excluded.

(Here follows side folio 5057)

[fol. 5057]

Western Electric Company, Inc.

Class I (Issues Prior to 1916) Annual Yield per Share on Investment During Years 1916 to 1930, Inclusive

Year Ending December 31 (1)	Total Shares Outstanding (2)	Shares of Bonus Stock Outstanding (3)	Cash Dividends on Bonus Stock: Amount (4)	Cash Dividends on Bonus Stock: Per Share (5)	Shares of Stock Sold Outstanding (6)	Total Capital Received for Stock Sold and Outstanding (7)	Average Price Per Share Sold (8)	Cash Dividends on Stock Sold: Amount (9)	Cash Dividends on Stock Sold: Per Share (10)	Yield on Price Per Share Sold (11)	Average Price Per Share Outstanding (12)	Yield on Price Per Share Outstanding (13)
1916	150,000 C 150,000 P	14,694 C 14,694 P	$117,552 C 88,164 P	8.00 C 6.00 P	135,306 C 135,306 P	$5,995,000	$44.31	$1,082,448 C 811,836 P	$8.00 C 6.00 P	31.60%	$39.97	35.03%
1917	150,000 C 150,000 P	14,694 C 14,694 P	117,552 C 88,164 P	8.00 C 6.00 P	135,306 C 135,306 P	5,995,000	44.31	1,082,448 C 811,836 P	8.00 C 6.00 P	31.60%	39.97	35.03%
1918	150,000 C 150,000 P	14,694 C 14,694 P	146,940 C 88,164 P	10.00 C 6.00 P	135,306 C 135,306 P	5,995,000	44.31	1,353,060 C 811,836 P	10.00 C 6.00 P	36.11%	39.97	40.03%
1919	150,000 C 150,000 P	14,694 C 14,694 P	146,940 C 88,164 P	10.00 C 6.00 P	135,306 C 135,306 P	5,995,000	44.31	1,353,060 C 811,836 P	10.00 C 6.00 P	36.11%	39.97	40.03%
1920	150,000 C P 100,000 C*	14,694 C P 9,796 C	146,940 C 16,898 P 73,470 C	10.00 C 1.15 P 7.50 C	135,306 C P 90,204 C	5,995,000	26.58	1,353,060 C 155,602 P 676,530 C	10.00 C 1.15 P 7.50 C	36.45%	23.98	40.41%
1921	250,000 C	24,490 C	244,900 C	10.00 C	225,510 C	5,995,000	26.58	2,255,100 C	10.00 C	37.62%	23.98	41.70%
1922	250,000 C	24,490 C	244,900 C	10.00 C	225,510 C	5,995,000	26.58	2,255,100 C	10.00 C	37.62%	23.98	41.70%
1923	250,000 C	24,490 C	244,900 C	10.00 C	225,510 C	5,995,000	26.58	2,255,100 C	10.00 C	37.62%	23.98	41.70%
1924	250,000 C	24,490 C	244,900 C	10.00 C	225,510 C	5,995,000	26.58	2,255,100 C	10.00 C	37.62%	23.98	41.70%
1925	250,000 C 125,000 C*	24,490 C 12,245 C	244,900 C 30,612 C	10.00 C 2.50 C	225,510 C 112,755 C	5,995,000	17.72	2,255,100 C 281,888 C	10.00 C 2.50 C	42.32%	15.99	46.91%
1926	375,000 C	36,735 C	367,350 C	10.00 C	338,265 C	5,995,000	17.72	3,382,650 C	10.00 C	56.42%	15.99	62.55%
1927	1,875,000 C†	183,675 C	2,755,125	15.00 C	1,691,325 C	5,995,000	3.54	25,369,875 C	15.00 C	423.18%	3.20	469.15%
1928	1,875,000 C	183,675 C	551,025	3.00 C	1,691,325 C	5,995,000	3.54	5,073,975	3.00	84.64%	3.20	93.83%
1929	1,875,000 C	183,675 C	918,375	5.00 C	1,691,325 C	5,995,000	3.54	8,456,625	5.00	141.06%	3.20	156.38%
1930	1,875,000 C	183,675 C	734,700	4.00 C	1,691,325 C	5,995,000	3.54	6,765,300	4.00	112.85%	3.20	125.10%
Totals	.....	.....	$7,700,635	.....	.....	.....	.....	$70,909,365	.....	.....	.....	.....
Yearly Average			513,376	.....	.....	$5,995,000	.....	4,727,291	.....	78.85%	.....	87.42%

* Transaction equivalent to exchange of 2 shares of common for three shares of preferred resulted in additional 100,000 shares of common.
* Stock Dividend of 50%.
† Exchange of one old share for five new shares.

Western Electric Company, Inc.

Class II A-6% Cumulative Preferred Stock and Exchanged Common Stock

Annual Yield Per Share on Investment During Years 1917 to 1930, Inclusive

Year Ending December 31st (1)	Total Shares Outstanding (2)	Total Capital Received for Stock Outstanding (3)	Average Price Per Share (4)	Cash Dividends		Per Cent Annual Yield Per Share (7)
				Amount (5)	Per Share (6)	
1917	150,000 P	$15,000,000	$100	$450,000 P	$3.00	6.00 (a)
1918	150,000 P	15,000,000	100	900,000 P	6.00	6.00
1919	150,000 P	15,000,000	100	900,000 P	6.00	6.00
1920	P	15,000,000	150	172,500 P	1.15	6.15
	100,000 C*	.....	.....	750,000 C	7.50	.....
1921	100,000 C	15,000,000	150	1,000,000 C	10.00	6.67
1922	100,000 C	15,000,000	150	1,000,000 C	10.00	6.67
1923	100,000 C	15,000,000	150	1,000,000 C	10.00	6.67
1924	100,000 C	15,000,000	150	1,000,000 C	10.00	6.67
1925	100,000 C	15,000,000	100	1,000,000 C	10.00	7.50
	50,000 C#	.....	.....	125,000 C	2.50	.....
1926	150,000 C	15,000,000	100	1,500,000 C	10.00	10.00
1927	750,000 C&	15,000,000	20	11,250,000 C	15.00	75.00
1928	750,000 C	15,000,000	20	2,250,000 C	3.00	15.00
1929	750,000 C	15,000,000	20	3,750,000 C	5.00	25.00
1930	750,000 C	15,000,000	20	3,000,000 C	4.00	20.00
Total	.....	.....	.....	30,047,500	.....	.....
Yearly average	.....	.....	.....	$2,225,741	.....	14.84% (b)

*Transaction equivalent to exchange of 2 shares of common stock for 3 shares of preferred.
Stock Dividend of 50%.
& Exchange of one old share for five new shares.
(a) Based on period held of two quarters of the year 1917.
(b) Based on period held of thirteen and a half years.

[fol. 5059] Western Electric Company, Inc.

Average Return to Investors on Individual Issues of Capital Stock Adjusted to Include Changes in Values Thereof. (Issues Identified by Roman Numerals and Letters for Convenient Reference.) During the Years 1916 to 1930.

Class I—Original Issues of Stock Prior to 1916:		
(1) Book Value of 150,000 shares of common and 150,000 shares of preferred at Jan. 1, 1916	$40,229,032	
(2) Book Value of 1,875,000 shares of common at December 31, 1930 (@ $31.16 per share)	58,425,000	
(3) Increase in Book Value during years 1916 to 1930	18,195,968	
(4) Total Dividends Paid during years 1916 to 1930	78,610,000	
(5) Total Dividends Plus Increase in Book Value	96,805,968	
(6) Yearly Average of Item (5)	$6,453,731	
(7) Average Annual Capital Investment	5,995,000	
(8) Ratio of Item (6) to Item (7)		107.65%
Class II A—Preferred Stock Issue of 1917 and Exchanged Common Stock Issue of 1920:		
(1) Capital received from the issue of 150,000 shares of Preferred Stock in 1917	$15,000,000	
(2) Book Value of 750,000 shares of common at December 31, 1930 (@ $31.16 per share)	23,370,000	
(3) Increase in Value during years 1917 to 1930	8,370,000	
(4) Total Dividends Paid during years 1917 to 1930	30,047,500	
(5) Total Dividends Plus Increase in Value	38,417,500	
(6) Yearly Average of Item (5) (Based on 13.5 years)	$2,845,741	
(7) Average Annual Capital Investment	15,000,000	
(8) Ratio of Item (6) to Item (7)		18.97%
Class II C—Common Stock Issue of December, 1922:		
(1) Capital received from this issue of 150,000 shares	$15,000,000	
(2) Book Value of 1,125,000 shares at December 31, 1930 (@ $31.16 per share)	35,055,000	
(3) Increase in Value during years 1922 to 1930	20,055,000	
(4) Total Dividends paid during years 1922 to 1930	37,312,500	
(5) Total Dividends plus increase in value	57,367,500	
(6) Yearly average of Item (5)	$7,170,937	
(7) Average Annual Capital Investment	15,000,000	
(8) Ratio of Item (6) to Item (7)		47.81%
Class II D—Common Stock Issue of December 31, 1928:		
(1) Capital received from this issue of 250,000 shares	$10,000,000	
(2) Book Value of 250,000 shares at December 31, 1930 (@ $31.16 per share)	7,790,000	
(3) Decrease in Value during years 1929 and 1930	2,210,000	
(4) Total Dividends paid during years 1929 and 1930	2,250,000	
(5) Total Dividends minus decrease in value	40,000	
(6) Yearly Average of Item (5)	$20,000	
(7) Average Annual Capital Investment	10,000,000	
(8) Ratio of Item (6) to Item (7)		.20%

[fol. 5060] Western Electric Company, Inc.

Average Return to Investors on Individual Issues of Capital Stock Adjusted to Include Changes in Values Thereof. (Issues Identified by Roman Numerals and Letters for Convenient Reference.) During the Years 1916 to 1930.

Class II E—Common Stock issue of May 31, 1929:	
(1) Capital received from this issue of 500,000 shares	$20,000,000
(2) Book Value of 500,000 shares at December 31, 1930 (@ $31.16 per share)	15,580,000
(3) Decrease in value during years 1929 and 1930	4,420,000
(4) Total Dividends Paid during years 1929 and 1930	4,000,000
(5) Total Dividends minus decrease in value	420,000*
(6) Yearly average of Item 5 (Based on 1.58 years)	$265,823*
(7) Average annual capital investment	20,000,000
(8) Ratio of Item (6) to Item (7)	1.33%*
Class II F—Common Stock Issue of December 2, 1929:	
(1) Capital received from this issue of 750,000 shares	$30,000,000
(2) Book Value of 750,000 shares at December 31, 1930 (@ $31.16 per share)	23,370,000
(3) Decrease in value during years 1929 and 1930	6,630,000
(4) Total Dividends Paid during years 1929 and 1930	4,500,000
(5) Total Dividends minus decrease in value	2,130,000*
(6) Yearly average of Item 5 (Based on 13 months)	$1,966,154*
(7) Average annual capital investment	30,000,000
(8) Ratio of Item (6) to Item (7)	6.55%*
Class II G—Common Stock Issue of March 31, 1930:	
(1) Capital received from this issue of 750,000 shares	$30,000,000
(2) Book Value of 750,000 shares at December 31, 1930 (@$31.16 per share)	23,370,000
(3) Decrease in value during year 1930	6,630,000
(4) Total Dividends Paid during year 1930	2,250,000
(5) Total Dividends minus decrease in value	4,380,000*
(6) Yearly average of Item 5 (Based on 9 months)	$5,840,000*
(7) Average annual capital investment	30,000,000
(8) Ratio of Item (6) to Item (7)	19.47%*

* Red figures.

NOTE:—Total net increase in value of all stock issues during period held was $26,730,968.

[fol. 5061]

Western Electric Company, Inc.

Earnings (*) Available for Common Stock Related to Capital and Surplus, Based on Averages Per Share, During Years 1920 to 1930, Inclusive

Year	Average Number of Shares Outstanding During Year	Average Earnings	Average Capital	Per Cent of Earnings on Average Capital	Average Capital and Surplus	Per Cent of Earnings on Average Capital and Surplus
1920	315,000	$12.36	$66.65	18.54	$183.97	6.72
1921	350,000	12.35	59.99	20.59	167.92	7.35
1922	350,000	13.27	59.99	22.12	171.23	7.75
1923	500,000	14.38	71.99	19.97	154.25	9.32
1924	500,000	16.80	71.99	23.34	161.05	10.43
1925	563,889	40.34	63.83	63.20	179.88	22.43
1926	750,000	19.43	47.99	40.49	144.68	13.43
1927	2,583,333	25.59	13.93	183.70	34.06	75.13
1928	3,750,000	5.26	9.60	54.79	26.88	19.57
1929	4,357,636	6.19	13.81	44.82	29.54	20.95
1930	5,822,917	2.68	20.35	13.17	30.81	8.70
Average 1920–1930	1,803,889	$9.79	$23.06	42.45	$52.47	18.66
Average 1923–1930	2,353,472	9.63	20.96	45.94	45.92	20.97

(*) Earnings taken from Annual Reports to the Stockholders of Western Electric Company, Inc. without adjustment.

(Here follows side folio 5062).

[fol. 5062]

Western Electric Company, Inc.

Net Assets per Share of Capital Stock as of December 31, 1916 to 1930, Inclusive

As of December 31st (1)	Total Shares Outstanding (2)	Net Assets Before Deducting Depreciation and Contingency Reserves (3)	Depreciation Reserve (4)	Contingency Reserve (5)	Net Assets After Deducting Depreciation Reserve (6)	Net Assets After Deducting Depreciation and Contingency Reserves (7)	Annual Increase in Net Assets			Average Per Share	
							In Column (3) (8)	In Column (6) (9)	In Column (7) (10)	Column (3) Divided by Column (2) (11)	Column (6) Divided by Column (2) (12)
1915	150,000 P									100.00 P	100.00 P
	150,000 C	$56,562,925	$11,988,392	$4,345,501	$44,574,533	$40,229,032				277.09 P	197.16 C
1916	150,000 P									100.00 P	100.00 P
	150,000 C	56,574,369	13,320,143	2,800,578	43,254,226	40,453,648	$11,444	$−1,320,307*	$224,616	277.16	188.36
1917	300,000 P									100.00 P	100.00 P
	150,000 C	76,373,962	16,285,136	4,333,462	60,088,826	55,755,364	19,799,593	16,834,600	15,301,716	309.16	200.59
1918	300,000 P									100.00 P	100.00 P
	150,000 C	79,373,906	18,424,058	4,984,163	60,949,848	55,965,685	2,999,944	861,022	210,321	329.16	206.33
1919	300,000 P									100.00 P	100.00 P
	150,000 C	82,152,445	20,264,379	4,833,472	61,888,066	57,054,594	2,778,539	938,218	1,088,909	347.68	212.59
1920	350,000 C	86,588,346	34,021,005	4,617,888	62,567,341	57,949,453	4,435,901	679,275	894,859	247.40 C	178.76 C
1921	350,000 C	91,516,868	27,924,413	4,819,005	63,592,455	58,773,450	4,928,522	1,025,114	823,997	261.48	181.69
1922	*500,000 C	110,281,204	30,431,368	4,918,010	79,849,836	74,931,826	18,764,336	16,257,381	16,158,376	220.56	159.70
1923	*500,000 C	116,335,527	34,401,141	4,807,619	81,931,386	77,123,767	6,054,323	2,081,550	2,191,941	232.67	163.86
1924	*500,000 C	125,873,101	40,490,901	4,859,075	85,382,200	80,523,125	9,537,574	3,450,814	3,399,358	251.75	170.76
1925	750,000 C	149,516,000	41,767,842	6,313,575	107,748,158	101,434,583	23,642,899	22,365,958	20,911,458	199.35	143.66
1926	750,000 C	161,995,346	46,516,764	6,969,961	115,478,582	108,508,621	12,479,346	7,730,424	7,074,038	215.99	153.97
1927	3,750,000 C	139,306,994	51,319,208		87,987,786	87,987,786	−22,688,352*	−27,490,796*	−20,520,835*	37.15	23.46
1928	4,000,000 C	167,605,859	56,821,896		110,783,954	110,783,954	28,298,856	22,796,168	22,796,168	41.90	27.70
1929	5,250,000 C	229,227,682	64,670,737		164,556,945	164,556,945	61,621,832	53,772,991	53,772,991	43.66	31.34
1930	6,000,000 C	261,736,230	74,804,446		186,931,784	186,931,784	32,508,548	22,374,839	22,374,839	43.62	31.16

* Preferred Stock sold to the public during the year 1922 and outstanding during the years 1922 to 1924 has been eliminated both from the number of shares outstanding and from the assets.

* Decreases.

Western Electric Company, Inc.

Net Assets per Share of Capital Stock as of December 31, 1910 to 1930, Inclusive

ion	Contingency Reserve (5)	Net Assets After Deducting Depreciation Reserve (6)	Net Assets After Deducting Depreciation and Contingency Reserves (7)	Annual Increase in Net Assets			Average Per Share			Annual Increase in Averages Per Share		
				In Column (3) (8)	In Column (6) (9)	In Column (7) (10)	Column (3) Divided by Column (2) (11)	Column (6) Divided by Column (2) (12)	Column (7) Divided by Column (2) (13)	In Column (11) (14)	In Column (12) (15)	In Column (13) (16)
92	$4,345,501	$44,574,533	$40,229,032				100.00 P	100.00 P	100.00 P			
							277.09 P	197.16 C	168.19 C			
							100.00 P	100.00 P	100.00 P			
43	2,800,578	43,254,226	40,453,648	$11,444	$−1,320,307*	$224,616	277.16	188.36	169.69	$.07 C	$−8.80*C	$1.50 C
							100.00 P	100.00 P	100.00 P			
36	4,333,462	60,088,826	55,755,364	19,799,593	16,834,600	15,301,716	309.16	200.59	171.70	32.00 C	12.23 C	2.01 C
							100.00 P	100.00 P	100.00 P			
58	4,984,163	60,949,848	55,965,685	2,999,944	861,022	210,321	329.16	206.33	173.10	20.00 C	5.74 C	1.40 C
							100.00 P	100.00 P	100.00 P			
79	4,833,472	61,888,066	57,054,594	2,778,539	938,218	1,088,909	347.68	212.59	180.36	18.52 C	6.26 C	7.26 C
05	4,617,888	62,567,341	57,949,453	4,435,901	679,275	894,859	247.40 C	178.76 C	165.57 C	−100.28*C	−33.83*C	−14.79*C
13	4,819,005	63,592,455	58,773,450	4,928,522	1,025,114	823,997	261.48	181.69	167.92	14.08 C	2.93 C	2.35 C
68	4,918,010	79,849,836	74,931,826	18,764,336	16,257,381	16,158,376	220.56	159.70	149.86	−40.92*C	−21.99*C	−18.06*C
41	4,807,619	81,931,386	77,123,767	6,054,323	2,081,550	2,191,941	232.67	163.86	154.25	12.11 C	4.16 C	4.39 C
01	4,859,075	85,382,200	80,523,125	9,537,574	3,450,814	3,399,358	251.75	170.76	161.05	19.08 C	6.90 C	6.80 C
42	6,313,575	107,748,158	101,434,583	23,642,899	22,365,958	20,911,458	199.35	143.66	135.25	−52.40*C	−26.90*C	−25.80*C
64	6,969,961	115,478,582	108,508,621	12,479,346	7,730,424	7,074,038	215.99	153.97	144.68	16.64 C	10.31 C	9.43 C
08		87,987,786	87,987,786	−22,688,352*	−27,490,796*	−20,520,835*	37.15	23.46	23.46	−178.84*C	−130.51*C	−121.22*C
96		110,783,954	110,783,954	28,298,856	22,796,168	22,796,168	41.90	27.70	27.70	4.75 C	4.24 C	4.24 C
37		164,556,945	164,556,945	61,621,832	53,772,991	53,772,991	43.66	31.34	31.34	1.76 C	3.64 C	3.64 C
46		186,931,784	186,931,784	32,508,548	22,374,839	22,374,839	43.62	31.16	31.16	−.04*C	−.18*C	−.18*C

nd outstanding during the years 1922 to 1924 has been eliminated both from the number of shares outstanding and from the assets.

[fol. 5063] EXHIBIT X-296

American Telephone and Telegraph Company

Per Cents of Return on Investment from All Operations Classified During Years 1920 to 1922, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922
(1) Holding Company (Entire)....	6.08	6.31	6.51
(2) Capital Stock of Western Electric Company, Inc.....	16.01	8.72	8.71
(3) Capital Stock (*) of Licensee Companies:			
Illinois Bell Telephone Co.	6.78	6.90	7.05
All Licensees, Exclusive of I. B. T. Co.....	6.08	6.31	6.37
All Licensee Companies....	6.15	6.37	6.44
(4) License Contract Operations:			
Illinois Bell Telephone Company	14.50	15.47	9.67
All Licensee Companies, Exclusive of I. B. T. Co.	8.47	8.02	7.95
All Licensee Companies....	8.59	8.23	8.04
Long Lines	8.59	8.23	8.04
Total	8.60	8.22	8.04
(5) Long Lines Operations.....	17.53	15.44	17.08
(6) Entire Company Operations...	7.94	7.78	7.97

* Including Capital Stock Installments.

[fol. 5064]

American Telephone and Telegraph Company

Per Cents of Return on Investment from All Operations Classified During Years 1923 to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
(1) Holding Company (Entire)	7.12	7.39	7.61	7.99	11.76	8.29	9.01	7.84
(2) Capital Stock of Western Electric Company, Inc.	9.06	9.06	10.19	13.59	101.91	20.38	29.63	16.87
(3) Capital Stock (*) of Licensee Companies:								
Illinois Bell Telephone Co.	7.18	7.16	7.28	7.34	7.58	7.62	7.65	7.71
All Licensees, Exclusive of I. B. T. Co.	6.59	6.95	7.01	7.35	7.38	7.47	7.47	7.22
All Licensee Companies	6.65	6.97	7.04	7.35	7.40	7.48	7.48	7.26
(4) License Contract Operations:								
Illinois Bell Telephone Co.	18.84	18.94	12.98	9.67	11.08	....	....	....
All Licensee Companies, Exclusive of I. B. T. Co.	8.57	8.15	8.16	7.94	8.64	....	....	....
All Licensee Companies	8.82	8.37	8.31	8.03	8.75	....	....	....
Long Lines	8.82	8.37	8.31	8.03	8.75	....	....	....
Total	8.82	8.37	8.31	8.03	8.75	6.04	4.77	3.46
(5) Long Lines Operations	16.22	14.43	16.19	14.52	12.47	12.97	11.91	7.92
(6) Entire Company Operations	8.40	8.33	8.61	8.66	11.33	8.52	8.77	7.21

* Including Capital Stock Installments.

[fol. 5065] EXHIBIT X-297

American Telephone and Telegraph Company

Per Cents of Return on Capital and Surplus from All Operations Classified During Years 1920 to 1922, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922
(1) Holding Company (Entire)	6.05	6.26	6.60
(2) Capital Stock of Western Electric Company, Inc.	21.25	9.86	9.59
(3) Capital Stock (*) of Licensee Companies:			
Illinois Bell Telephone Co.	7.12	7.14	7.33
All Licensees, Exclusive of I. B. T. Co.	6.05	6.26	6.41
All Licensee Companies	6.16	6.35	6.50
(4) License Contract Operations:			
Illinois Bell Telephone Company	18.94	19.93	10.90
All Licensee Companies, Exclusive of I. B. T. Co.	9.71	8.81	8.56
All Licensee Companies	9.89	9.12	8.68
Long Lines	9.89	9.12	8.68
Total	9.91	9.11	8.69
(5) Long Lines Operations	23.58	19.89	21.00
(6) Entire Company Operations	8.90	8.45	8.59

* Including Capital Stock Installments.

[fol. 5066]

American Telephone and Telegraph Company

Per Cents of Return on Capital and Surplus from All Operations Classified During Years 1923 to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
(1) Holding Company (Entire)	7.49	7.91	8.27	8.70	13.38	8.91	9.91	8.41
(2) Capital Stock of Western Electric Company, Inc.	9.94	10.06	11.71	15.97	127.16	23.76	35.65	19.47
(3) Capital Stock (*) of Licensee Companies:								
Illinois Bell Telephone Co.	7.57	7.61	7.83	7.86	8.10	8.08	8.21	8.25
All Licensees, Exclusive of I. B. T. Co.	6.83	7.34	7.47	7.87	7.85	7.90	7.99	7.65
All Licensee Companies	6.90	7.37	7.51	7.87	7.88	7.91	8.00	7.70
(4) License Contract Operations:								
Illinois Bell Telephone Co.	22.25	22.81	15.43	10.88	12.52	.....	....	....
All Licensee Companies, Exclusive of I. B. T. Co.	9.32	8.89	9.00	8.64	9.44	....	....	....
All Licensee Companies	9.63	9.17	9.20	8.76	9.58	....	....	....
Long Lines	9.63	9.17	9.20	8.76	9.58	....	....	....
Total	9.63	9.17	9.20	8.76	9.58	6.14	4.62	3.05
(5) Long Lines Operations	18.95	16.99	19.70	17.17	14.27	14.66	13.53	8.51
(6) Entire Company Operations	9.10	9.12	9.60	9.57	12.84	9.19	9.61	7.64

* Including Capital Stock Installments.

[fol. 5067]

EXHIBIT X-298

American Telephone and Telegraph Company

Per Cents of Return on Capital Stock from All Operations Classified During Years 1920 to 1922, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922
(1) Holding Company (Entire)	7.94	8.07	8.24
(2) Capital Stock of Western Electric Company, Inc.	27.88	12.74	12.03
(3) Capital Stock (*) of Licensee Companies:			
Illinois Bell Telephone Company	9.34	9.21	9.17
All Licensees, Exclusive of I. B. T. Co.	7.94	8.07	7.99
All Licensee Companies	8.08	8.18	8.11
(4) Licensee Contract Operations:			
Illinois Bell Telephone Company	24.85	25.83	13.69
All Licensee Companies, Exclusive of I. B. T. Co.	12.74	11.38*	10.72
All Licensee Companies	12.98	11.79	10.88
Long Lines	12.98	11.79	10.88
Total	12.99	11.78	10.90
(5) Long Lines Operations	30.94	25.77	26.49
(6) Entire Company Operations	11.68	10.92	10.75

* Including Capital Stock Installments.

[fol. 5068]

American Telephone and Telegraph Company

Per Cents of Return on Capital Stock from All Operations Classified During Years 1923 to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
(1) Holding Company (Entire)	9.18	9.67	10.02	10.73	16.75	11.64	13.05	11.53
(2) Capital Stock of Western Electric Company, Inc.	12.24	12.36	14.26	19.90	161.16	31.47	47.81	27.18
(3) Capital Stock (*) of Licensee Companies:								
Illinois Bell Telephone Co.	9.28	9.31	9.47	9.66	10.06	10.54	10.76	11.31
All Licensees, Exclusive of I. B. T. Co.	8.35	8.97	9.03	9.68	9.74	10.30	10.45	10.46
All Licensee Companies	8.44	9.00	9.08	9.68	9.77	10.31	10.47	10.53
(4) License Contract Operations:								
Illinois Bell Telephone Co.	27.67	28.21	18.84	13.48	15.67	....	....	....
All Licensee Companies, Exclusive of I. B. T. Co.	11.47	10.90	10.92	10.64	11.76	....	....	....
All Licensee Companies	11.86	11.25	11.16	10.79	11.93	....	....	....
Long Lines	11.86	11.25	11.16	10.79	11.93	....	....	....
Total	11.86	11.25	11.16	10.79	11.94	7.95	5.90	8.95
(5) Long Lines Operations	23.53	20.97	24.12	21.42	17.89	19.31	17.94	11.67
(6) Entire Company Operations	11.20	11.19	11.66	11.83	16.06	12.02	12.64	10.44

* Including Capital Stock Installments.

[fol. 5069]

EXHIBIT X-299

American Telephone and Telegraph Company

Percentages of Return of Licensee Companies on Average Fixed Capital and Material and Supplies, Years 1920 to 1930, Inclusive

Bell Telephone Co. of Nevada	b1.14%	.71%	4.91%	9.72%	6.63%	6.74%	4.50%	2.29%	4.46%	4.47%	.90%
Bell Telephone Co. of Pennsylvania	3.75	6.78	6.62	5.32	5.20	5.60	6.02	6.01	6.69	6.56	5.77
Chesapeake & Potomac Tel. Co. of Baltimore	4.66	4.54	4.85	5.01	3.50	6.04	6.75	5.89	6.46	6.48	6.24
Chesapeake & Potomac Tel. Co. of New York	2.89	5.38	7.09	7.28	7.14	7.28	7.53	5.70	6.56	5.78	5.73
Chesapeake & Potomac Tel. Co. of Virginia	3.58	5.51	5.56	6.06	5.45	4.28	5.79	5.93	6.57	6.77	6.34
Chesapeake & Potomac Tel. Co. of W. Virginia	2.65	5.47	5.47	5.07	3.18	4.81	5.69	5.16	5.07	4.73	4.48
Cincinnati & Suburban Bell Telephone Co.	6.48	6.92	7.64	6.91	7.36	6.23	7.11	7.60	8.18	7.33	6.44
Cumberland Telephone & Telegraph Co.	a3.07	2.54	4.06	5.03	5.87	5.55	5.38	....	....	....	....
Delaware & Atlantic Telephone Co.	a1.23	3.96	3.84	2.39	2.87	6.32	6.51	....	....	....	....
Diamond State Telephone Co.	a2.15	5.69	6.68	6.48	7.19	6.92	7.51	6.99	6.50	5.87	6.53
Home Tel. & Tel. Co. of Spokane	b2.23	2.69	3.52	4.34	5.74	8.01	4.86	3.58	4.90	3.89	3.97
Illinois Bell Telephone Co.	2.75	6.70	6.63	6.05	6.12	6.31	6.08	5.83	6.09	6.56	5.93
Indiana Bell Telephone Co.	.54*	.17*	2.33	3.48	4.40	4.67	6.49	7.72	8.04	7.56	6.70
Kansas City Telephone Co.	a4.16	4.37	4.01	4.29	4.55	4.87	4.53	....	....	....	....
Michigan Bell Telephone Co.	a .66	6.22	7.02	7.00	6.84	6.34	5.87	6.10	5.70	5.45	3.40
Mountain States Telephone Co.	6.38	6.00	6.12	6.25	6.48	6.55	7.00	6.12	6.16	6.03	5.97
New England Telephone & Telegraph Co.	6.18	5.74	5.68	3.42	3.67	3.97	5.70	5.80	5.93	6.28	5.82
New Jersey Bell Telephone Co.	....	....	....	....	....	....	....	3.48	6.12	6.51	5.56
New York Telephone Co.	2.29	4.50	4.77	4.67	4.02	5.05	5.42	5.70	5.59	5.63	5.40
Northwestern Bell Telephone Co.	7.03	4.40	5.72	6.44	6.42	5.84	7.07	6.83	7.13	7.25	6.58
Ohio Bell Telephone Co.	1.61	5.97	4.23	4.08	4.70	6.12	6.34	6.23	6.34	5.87	5.20

EXHIBIT X-299—Continued.

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Pacific Telephone & Telegraph Co.	5.42	5.63	6.36	5.68	5.78	6.18	6.67	5.26	5.66	5.73	5.59
Southern Bell Telephone & Telegraph Co.	2.38	4.62	6.78	7.37	7.29	7.08	5.90	5.84	6.33	6.21	5.97
Southern California Telephone Co.	b .49	1.45*	2.36*	3.30*	1.34*	3.98	6.21	6.63	7.65	7.76	6.40
Southern New England Telephone Co.	5.11	5.55	5.49	5.82	5.93	6.12	6.02	5.46	6.64	6.58	6.10
Southwestern Bell Telephone Co.	6.96	6.81	7.74	7.59	6.92	7.62	8.08	7.24	7.22	7.51	6.69
Wisconsin Telephone Co.	4.11	5.37	6.88	6.96	6.59	6.45	6.88	7.28	7.30	6.88	4.66
Average of All Companies	3.71	5.24	5.58	5.18	5.05	5.67	6.14	5.96	6.27	6.31	5.69
Average of All Companies Exclusive of Illinois Bell Telephone Co.	3.80	5.11	5.48	5.11	4.96	5.61	6.15	5.98	6.28	6.28	5.67

* Red figures.
a Associated with Bell Telephone Co. of Pennsylvania.
b Associated with Pacific Telephone & Telegraph Co.
Cumberland Tel. & Tel. Co. merged with Southern Bell Tel. & Tel. Co. July 1, 1926.
Delaware & Atlantic Telephone Co. was changed to New Jersey Bell Telephone Co. Sept. 26, 1927.
Kansas City Telephone Co. merged with Southwestern Bell Telephone Co. January 1, 1927.
Michigan Bell Telephone Co. changed from Michigan State Telephone Co. January 1, 1924.

[fol. 5070] American Telephone and Telegraph Company

Percentages of Return of Licensee Companies on Average Fixed Capital and Materials and Supplies, Year Ended December 31, 1931

Bell Telephone Company of Nevada	2.60%
Bell Telephone Company of Pennsylvania	5.41
Chesapeake & Potomac Telephone Company—Baltimore	6.67
Chesapeake & Potomac Telephone Company—New York	7.14
Chesapeake & Potomac Telephone Company—Virginia	7.05
Chesapeake & Potomac Telephone Company—West Virginia	4.28
Cincinnati & Suburban Bell Telephone Company	6.51
Diamond State Telephone Company	6.49
Home Telephone & Telegraph Company of Spokane	4.34
Illinois Bell Telephone Company	5.32
Indiana Bell Telephone Company	6.10
Michigan Bell Telephone Company	3.56
Mountain States Telephone Company	5.07
New England Telephone & Telegraph Company	5.72
New Jersey Bell Telephone Company	5.51
New York Telephone Company	5.47
Northwestern Bell Telephone Company	5.97
Ohio Bell Telephone Company	4.98
Pacific Telephone & Telegraph Company	5.32
Southern Bell Telephone & Telegraph Company	5.68
Southern California Telephone Company	6.26
Southern New England Telephone Company	5.85
Southwestern Bell Telephone Company	5.55
Wisconsin Telephone Company	4.00
Average of All Companies	5.44
Average of All Companies Exclusive of Illinois Bell Telephone Company	5.45

[fol. 5071]

EXHIBIT X-300

American Telephone and Telegraph Company

Percentages of Return of Licensee Companies on Average Fixed Capital and Material and Supplies, Less Average Accrued Depreciation, Years 1920 to 1930, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Bell Telephone Co. of Nevada	b1.39%	.88%	6.28%	12.75%	9.06%	9.48%	6.28%	3.14%	5.98%	5.23%	.99%
Bell Telephone Co. of Pennsylvania	4.87	8.95	8.82	6.98	6.52	6.79	7.19	7.16	7.99	7.87	6.90
Chesapeake & Potomac Tel. Co. of Baltimore	5.95	5.89	6.37	6.56	4.47	7.53	8.31	7.26	8.03	8.13	7.84
Chesapeake & Potomac Tel. Co. of New York	3.68	6.89	9.21	9.60	9.39	9.52	9.82	7.39	8.56	7.61	7.32
Chesapeake & Potomac Tel Co. of Virginia	3.94	6.20	6.37	7.07	6.37	4.99	6.83	7.07	7.91	8.20	7.45
Chesapeake & Potomac Tel. Co. of W. Virginia	3.01	6.29	6.32	5.85	3.67	5.45	6.36	5.82	5.71	5.28	5.02
Cincinnati & Suburban Bell Telephone Co.	8.36	9.17	10.35	9.45	10.16	8.50	9.65	8.73	11.20	10.17	8.76
Cumberland Telephone & Telegraph Co.	*3.63	3.05	5.03	6.39	7.42	6.88	6.60	....	....	....	....
Delaware & Atlantic Telephone Co.	*1.25	4.86	4.78	2.92	3.36	7.12	6.94	....	....	....	....
Diamond State Telephone Co.	a2.63	7.15	8.64	8.57	9.63	9.40	10.28	9.56	8.74	7.17	7.49
Home Tel. & Tel. Co. of Spokane	b2.67	3.38	4.62	5.98	8.17	11.49	6.45	4.44	6.03	4.81	4.94
Illinois Bell Telephone Co.	3.64	8.90	8.96	8.18	8.24	8.41	8.04	7.69	8.02	8.56	7.66
Indiana Bell Telephone Co.	.56*	.17*	2.48	3.73	4.75	5.09	7.15	8.62	8.91	8.34	7.39
Kansas City Telephone Co.	*4.27	4.47	4.74	5.57	5.29	5.91	4.77	....	....	....	....
Michigan Bell Telephone Co.	* .80	7.66	8.65	8.52	8.28	7.62	6.93	7.07	6.51	6.20	3.87
Mountain States Telephone Co.	7.35	7.22	7.41	7.80	8.32	8.58	9.33	8.28	7.62	7.97	7.73
New England Telephone & Telegraph Co.	8.45	7.87	7.72	4.58	4.78	5.24	7.22	7.29	7.45	7.91	7.27
New Jersey Bell Telephone Co.	....	....	....	....	....	....	....	4.30	7.73	8.16	6.89
New York Telephone Co.	3.20	6.34	6.73	6.50	5.44	6.75	7.27	7.70	7.62	7.64	7.24

Northwestern Bell Telephone Co.	8.55	5.34	7.12	8.23	8.45	7.36	9.69	9.40	9.69	9.70	8.68
Ohio Bell Telephone Co.	1.79	6.53	4.70	4.61	5.36	6.98	7.17	6.94	7.01	6.51	5.79
Pacific Telephone & Telegraph Co.	6.84	7.27	8.32	7.38	7.37	7.80	8.34	6.52	7.00	7.03	6.82
Southern Bell Telephone & Telegraph Co.	2.98	5.85	8.68	9.52	9.39	9.05	7.22	6.95	7.40	7.16	6.85
Southern California Telephone Co.	b .60	1.80*	2.83*	3.73*	1.45*	4.26	6.69	7.26	8.55	8.85	7.34
Southern New England Telephone Co.	7.21	7.80	7.65	8.11	8.22	8.39	8.21	7.43	8.91	8.57	7.65
Southwestern Bell Telephone Co.	8.68	8.67	9.89	9.73	8.87	9.63	9.93	8.62	8.46	8.84	7.92
Wisconsin Telephone Co.	6.23	8.02	9.79	9.60	8.98	8.64	9.21	9.80	9.84	9.26	6.08
Average of All Companies	4.74	6.72	7.24	6.73	6.46	7.16	7.71	7.45	7.81	7.84	7.03
Average of All Companies Exclusive of Illinois Bell Telephone Co.	4.84	6.53	7.09	6.61	6.32	7.07	7.68	7.43	7.79	7.78	6.98

* Red figures.
a Associated with Bell Telephone Co. of Pennsylvania.
b Associated with Pacific Telephone & Telegraph Co.
* Cumberland Tel. & Tel. Co. merged with Southern Bell Tel. & Tel. Co. July 1, 1926.
Delaware & Atlantic Telephone Co. changed to New Jersey Bell Telephone Co. Sept. 26, 1927.
Kansas City Telephone Co. merged with Southwestern Bell Telephone Co. January 1, 1927.
Michigan Bell Telephone Co. changed from Michigan State Telephone Company, January 1, 1924.

[fol. 5072] American Telephone and Telegraph Company

Percentages of Return of Licensee Companies on Average Fixed Capital and Materials and Supplies, Less Average Accrued Depreciation, Year Ended December 31, 1931

Bell Telephone Company of Nevada	2.84%
Bell Telephone Company of Pennsylvania	6.47
Chesapeake & Potomac Telephone Company—Baltimore	8.33
Chesapeake & Potomac Telephone Company—New York	8.97
Chesapeake & Potomac Telephone Company—Virginia	8.14
Chesapeake & Potomac Telephone Company—West Virginia	4.88
Cincinnati & Suburban Bell Telephone Company	8.63
Diamond State Telephone Company	7.41
Home Telephone & Telegraph Company of Spokane	5.36
Illinois Bell Telephone Company	6.92
Indiana Bell Telephone Company	6.70
Michigan Bell Telephone Company	4.07
Mountain States Telephone Company	6.61
New England Telephone & Telegraph Company	7.06
New Jersey Bell Telephone Company	6.83
New York Telephone Company	7.27
Northwestern Bell Telephone Company	7.80
Ohio Bell Telephone Company	5.58
Pacific Telephone & Telegraph Company	6.53
Southern Bell Telephone & Telegraph Company	6.62
Southern California Telephone Company	7.22
Southern New England Telephone Company	7.19
Southwestern Bell Telephone Company	6.67
Wisconsin Telephone Company	5.11
Average of All Companies	6.71
Average of All Companies Exclusive of Illinois Bell Telephone Company	6.69

[fol. 5073] EXTRACTS FROM EXHIBIT X-301

American Telephone and Telegraph Company

Comparison of Revenues, Expenses and Return on Investment in Long Lines
Years Ended December 31, 1920 to 1922, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922
Average Fixed Capita	$82,023,437	$90,456,740	$100,988,248
Average Materials and Supplies	441,634	1,342,430	1,899,196
Total	82,465,071	91,799,170	102,887,444
Less Average Depreciation Reserve	14,075,889	15,570,166	16,880,343
	68,389,182	76,229,004	86,007,101
Less Average Reserve for Amortization of Intangible Capital	795,565	868,200	937,509
Average Fixed Capital and Materials and Supplies less Average Accrued Depreciation	67,593,617	75,360,804	85,069,592
Per Cent of Return on Average Fixed Capital and Materials and Supplies	18.696	16.278	17.424
Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Average Accrued Depreciation	22.809	19.829	21.073

[fol. 5074]

American Telephone and Telegraph Company

Comparison of Revenues, Expenses, and Return on Investment in Long Lines, Years Ended December 31, 1923, to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Average Fixed Capital	$110,714,716	$127,264,004	$141,222,313	$156,209,287	$187,995,375	$222,655,921	$277,026,858	$362,501,503
Average Materials and Supplies	2,234,048	3,046,605	2,214,076	2,863,467	3,194,248	3,682,407	5,038,105	5,872,334
Total	112,948,764	130,310,609	143,436,389	159,072,754	191,189,623	226,338,328	282,064,963	368,373,837
Less Average Depreciation Reserve	19,089,518	21,743,135	23,285,927	26,729,959	31,176,323	36,701,445	43,782,478	52,235,034
	93,859,246	108,567,474	120,150,462	132,342,795	160,013,300	189,636,883	238,282,485	316,138,803
Less Average Reserve for Amortization of Intangible Capital	1,021,820	1,111,799	1,207,717	1,164,077	1,268,398	1,401,731	1,532,474	1,725,733
Average Fixed Capital and Materials and Supplies less Average Accrued Depreciation	92,837,426	107,455,675	118,942,745	131,178,718	158,744,902	188,235,152	236,750,011	314,413,070
Per Cent of Return on Average Fixed Capital and Materials and Supplies	16.429	14.585	16.136	14.666	12.526	13.133	12.276	7.927
Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Average Accrued Depreciation	19.988	17.687	19.458	17.785	15.087	15.791	14.626	9.288

[fol. 5075]

EXHIBIT X-302

American Telephone and Telegraph Company

Return on Fixed Capital, Including General Equipment for Illinois Bell Telephone Company, for All Licensee Companies, and for All Licensee Companies Exclusive of Illinois Bell Telephone Company, Years 1920 to 1922, Inclusive

	Year Ended Dec. 31, 1920	Year Ended Dec. 31, 1921	Year Ended Dec. 31, 1922
Illinois Bell Telephone Company:			
Average Fixed Capital	$95,485,189	$110,593,779	$120,151,142
Less Average Accrued Depreciation	23,629,563	27,521,702	31,517,824
Average Fixed Capital, Less Depreciation	71,885,626	83,072,077	88,633,318
Balance Available for Return on Investment	2,650,809	7,474,141	8,004,951
Per Cent of Return on Average Fixed Capital	2.78%	6.76%	6.66%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	3.69	9.00	9.03
All Licensee Companies:			
Average Fixed Capital	$1,004,955,227	$1,340,338,340	$1,482,418,591
Less Average Accrued Depreciation	243,756,127	300,912,317	344,762,903
Average Fixed Capital, Less Depreciation	761,199,100	1,039,426,023	1,137,655,688
Balance Available for Return on Investment	41,630,035	71,397,668	83,785,144
Per Cent of Return on Average Fixed Capital	4.14%	5.33%	5.65%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	5.47	6.87	7.36
All Licensee Companies, Exclusive of Illinois Bell Telephone Company:			
Average Fixed Capital	$909,470,038	$1,229,744,561	$1,364,267,449
Less Average Accrued Depreciation	220,126,564	273,390,615	313,245,079
Average Fixed Capital, Less Depreciation	689,343,474	956,353,946	1,049,022,370
Balance Available for Return on Investment	38,979,226	63,923,527	75,780,193
Per Cent of Return on Average Fixed Capital	4.29%	5.20%	5.56%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	5.65	6.68	7.22

(Here follow Dept. Exh. No. X-302, side folio 5076)

[fol. 5076]

DEFT. EXH. NO. X-302

American Telephone and Telegraph Company

Return on Fixed Capital, Including General Equipment For Illinois Bell Telephone Company, For All Licensee Companies, and For All Licensee Companies, Exclusive of Illinois Bell Telephone Company Years 1923 to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Ill. Bell Telephone Company:								
Average Fixed Capital	$135,367,700	$152,037,842	$170,236,892	$191,427,419	$212,648,155	$235,167,754	$256,618,888	$274,767,018
Less Average Accrued Depreciation	35,548,952	39,243,223	42,737,220	46,977,210	51,686,856	56,730,665	60,138,915	62,382,764
Average Fixed Capital, Less Depreciation	99,818,748	112,794,619	127,499,672	144,450,209	160,961,299	178,437,089	196,479,973	212,384,254
Balance Available for Return on Investment	8,240,298	9,362,030	10,791,078	11,693,421	12,453,308	14,384,743	16,928,830	16,361,104
Per Cent of Return on Average Fixed Capital	6.09%	6.16%	6.34%	6.11%	5.86%	6.12%	6.60%	5.95%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	8.26	8.30	8.46	8.10	7.74	8.06	8.62	7.70
All Licensee Companies:								
Average Fixed Capital	$1,678,800,389	$1,933,324,730	$2,225,576,546	$2,497,494,976	$2,692,004,293	$2,936,520,852	$3,191,558,333	$3,484,060,236
Less Average Accrued Depreciation	390,541,429	428,385,944	470,457,128	511,928,428	541,235,530	582,220,788	628,856,919	665,451,961
Average Fixed Capital Less Depreciation	1,288,258,960	1,504,938,786	1,755,119,418	1,985,566,548	2,150,768,763	2,354,300,064	2,562,701,414	2,818,608,275
Balance Available for Return on Investment	88,102,052	98,689,312	127,356,155	154,808,887	161,698,045	185,267,326	202,796,612	199,709,520
Per Cent of Return on Average Fixed Capital	5.25%	5.10%	5.72%	6.20%	6.01%	6.31%	6.35%	5.73%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	6.84	6.56	7.26	7.80	7.52	7.87	7.91	7.09
All Licensee Companies, Exclusive of Illinois Bell Telephone Co.:								
Average Fixed Capital	$1,543,432,689	$1,781,286,888	$2,055,339,654	$2,306,067,557	$2,479,356,138	$2,701,353,098	$2,934,939,445	$3,209,293,218
Less Average Accrued Depreciation	354,992,477	389,142,721	427,719,908	464,951,218	489,548,674	525,490,123	568,718,004	603,069,197
Average Fixed Capital Less Depreciation	1,188,440,212	1,392,144,167	1,627,619,746	1,841,116,339	1,989,807,464	2,175,863,975	2,366,221,441	2,606,224,021
Balance Available for Return on Investment	79,861,754	89,327,282	116,565,077	143,115,466	149,244,737	170,882,583	185,867,776	183,348,416
Per Cent of Return on Average Fixed Capital	5.17%	5.01%	5.67%	6.21%	6.02%	6.33%	6.33%	5.71%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	6.72	6.42	7.16	7.77	7.50	7.85	7.86	7.04

[fol. 5077] DEFT. EXH. No. X-302

American Telephone and Telegraph Company

Return on Fixed Capital, Including General Equipment for Illinois Bell Telephone Company, for All Licensee Companies and for All Licensee Companies Exclusive of Illinois Bell Telephone Company, During Year 1931

Illinois Bell Telephone Company:	
Average Fixed Capital	$286,773,444
Less Average Accrued Depreciation	66,310,053
Average Fixed Capital, Less Depreciation	220,463,391
Balance Available for Return on Investment	15,310,016
Per Cent of Return on Average Fixed Capital	5.34%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	6.94%
All Licensee Companies:	
Average Fixed Capital	$3,696,091,208
Less Average Accrued Depreciation	696,906,054
Average Fixed Capital, Less Depreciation	2,999,185,154
Balance Available for Return on Investment	202,045,817
Per Cent of Return on Average Fixed Capital	5.47%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	6.74%
All Licensee Companies, Exclusive of Illinois Bell Telephone Company:	
Average Fixed Capital	$3,409,317,764
Less Average Accrued Depreciation	630,596,001
Average Fixed Capital, Less Depreciation	2,778,721,763
Balance Available for Return on Investment	186,735,801
Per Cent of Return on Average Fixed Capital	5.48%
Per Cent of Return on Average Fixed Capital, Less Average Accrued Depreciation	6.72%

[fol. 5078] EXHIBIT X-303

American Telephone and Telegraph Company

Comparison of per Cent of Return on Fixed Capital of All Licensee Companies, as Shown in Exhibit No. X-302, and as Shown in American Telephone and Telegraph Company Monthly Statistical Report, C. R. 51-A, Years 1920 to 1931, Inclusive

Years Ended Dec. 31	Per Cent of Return as Shown in Exhibit (a)	Per Cent of Return as Shown in M. R.-C. R. 51-A (b)	Differences (c)
1920	4.14	3.80	.34*
1921	5.33	5.30	.03*
1922	5.65	5.70	.05
1923	5.25	5.40	.15
1924	5.10	5.30	.20
1925	5.72	5.90	.18
1926	6.20	6.30	.10
1927	6.01	6.10	.09
1928	6.31	6.50	.19
1929	6.35	6.52	.17
1930	5.73	5.84	.11
1931	5.47	5.58	.11

(a) Based on Fixed Capital including General Equipment.
(b) Based on Fixed Capital excluding General Equipment.
(c) Differences due to different bases of Fixed Capital, as indicated above, and probably to slightly different bases of income.

* Red Figures.

[fol. 5079] EXHIBIT X-304

American Telephone and Telegraph Company

Comparison of per Cent of Return on Fixed Capital of Illinois Bell Telephone Company, as Shown in Exhibit No. X-302, and as Shown in Illinois Bell Telephone Company Monthly Report No. 1, Years 1922 to 1931, Inclusive

Years Ended Dec. 31	Per Cent of Return as Shown in Exhibit (a)	Per Cent of Return as Shown in M. R.—No. 1 (b)	Differences (c)
1922	6.66	6.64	.02*
1923	6.09	5.97	.12*
1924	6.16	6.18	.02
1925	6.34	6.41	.07
1926	6.11	6.13	.02
1927	5.86	5.92	.06
1928	6.12	6.20	.08
1929	6.60	6.73	.13
1930	5.95	6.02	.07
1931	5.34	5.39	.05

(a) Based on Fixed Capital including General Equipment.
(b) Based on Fixed Capital excluding General Equipment.
(c) Differences due to different bases of Fixed Capital, as indicated above, and to different bases of income. Accounts 311, 316, 323, 520 and 525 have been excluded from income used by the I. B. T. Co., while Exhibit — gives consideration to these accounts.

* Red Figures.

[fol. 5080] EXHIBIT X-305

Southwestern Bell Telephone Company

General Exchange Tariff

Explanation of Terms

Original Sheet 2

The following definitions of Exchange station, Exchange Service, Toll Stations and Toll Service are on file, effective November 1, 1926:

"Exchange station: A station receiving exchange service.

"Exchange service consists of the privilege of using telephone facilities for telephone communication contracted for by the subscriber in accordance with the rates and regulations specified in the Local and General Exchange Tariffs.

Original Sheet 7

"Toll service: Toll service consists of the use of telephone facilities for telephone communication furnished in accordance with the rates and regulations of the Toll Tariff.

"Toll stations: A company station installed for the convenience of the public or a subscriber in a locality where the company does not furnish exchange service, from which established toll rates are charged for all messages sent over the Company's lines. Toll stations may be classified, as:

"A. Public toll station: A toll station which is provided primarily for the use of the general public and is operated under an agency contract.

"B. Private toll station: A toll station which is provided primarily for the use of a subscriber and is operated under a subscriber's contract."

Under Rules and Regulations Applying to all Subscribers' Contracts is the following rule:

"Use of lines of other companies.—When suitable arrangements can be made, lines of other telephone companies may be used in establishing wire connections to points not reached by the Telephone Company's lines. In establishing

connections with the lines of other companies, the Telephone Company is not responsible or liable for any action of the Connecting Company."

[fol. 5081] Cape Girardeau Bell Telephone Company, Cape Girardeau, Missouri

Ill. C. C. No. 2

Original Sheet No. 1

Applies to East Cape Girardeau, Illinois

Rules and Regulations

Telephone Service:

The company does not transmit messages, but furnishes facilities for telephone communication between its subscribers or patrons, and is not responsible for errors in transmission.

The service furnished by the company can be divided into two general classes, "Exchange Service" and "Toll Service".

Exchange Service: The Company installs one or more telephones on subscriber's premises, connected by wires with the Central Office switchboard, and in consideration of certain payments specifically stated in its schedule of Exchange Rates, agrees to connect each subscriber's telephone with that of any other subscriber within the Exchange Limits, on request of the subscriber.

Toll Service: The Company has provided wire circuits connecting its various exchanges and also connecting with the exchanges of a large number of other companies. Subscribers and others are given the right to use these circuits for communication with persons at distant points, upon payment of a toll charge, based on the distance between terminals and time occupied by the subscriber or patron in transmitting the communication. Toll messages may be sent from subscriber's telephone, or from Public Telephones provided by the company. All toll charges or messages sent from a subscriber's telephone will be billed to that subscriber, who will be held responsible for payments.

Issued October 1st, 1927. Effective October 1st, 1927.
Issued by Chas. W. Boutin, Secretary and Treasurer, 901 Broadway, Cape Girardeau, Missouri.
(Cancelled by schedule of the Southeast Missouri Telephone Company, Effective January 20, 1931.)

[fol. 5082] EXHIBIT X-306

Illinois Valley Telephone Company

Versailles

The rule defining exchange and toll service, contained in the attached certificates, was first placed in effect at Versailles on August 10, 1930. From December 14, 1922, until August 10, 1930, the following rule was in effect:

"To give continual service. To own and maintain all equipment in the town of Versailles and to take all farm lines at the corporation line of the town of Versailles, Illinois. To give exchange service over all farm and town lines."

The schedule of toll rates at Versailles, effective May 31, 1928, contains the following paragraph:

"Toll message rates to all points beyond 120 miles are shown by the toll schedules of the Illinois Bell Telephone Company and the American Telephone & Telegraph Company."

Vermont

The rule certified to was first filed for Vermont on April 2, 1928 and was suspended by order in case No. 18221, and made effective June 1, 1929. No similar rule was on file for this exchange before that time.

Standard schedule of toll rates of the Illinois Bell Telephone Company and the American Telephone & Telegraph Company was filed, effective April 30, 1928, for Vermont.

Mt. Sterling

The rule certified to was first placed in effect at Mt. Sterling on April 1, 1929, it having been filed May 1, 1928

and suspended in case No. 18286. No rule of any kind was on file previous to that time.

The standard toll rates of the Illinois Bell Telephone Company and the American Telephone & Telegraph Company were filed, effective May 20, 1927.

Camp Point

The rule certified to was first filed for Camp Point on January 31, 1929; was suspended in case 18972 and made effective May 1, 1930. No rule of any kind was on file previous to that time.

The standard toll rates of the Illinois Bell and American Telephone and Telegraph Companies was filed, effective May 20, 1927.

Bushnell

The rule certified to was first filed for Bushnell on May 11, 1928, was suspended by order in case No. 18321 and made effective April 1, 1929. No rule of any kind was on file previous to that time.

The standard toll rates of the Illinois Bell and the American Telephone & Telegraph Company were filed by the Bushnell Telephone and Telegraph Company, effective July 15, 1927.

[fol. 5083] The rule certified to is a part of the exchange rate schedule of each of the above named villages served by the Illinois Valley Telephone Company, the schedules showing flat rates covering village and rural service.

The rule in question is not on file for the exchanges at Cuba and Roseville of the company.

The Boynton Telephone Company (Now Illinois Telephone Company)

Pleasant Plains and New Berlin

The rule certified to was first filed for Pleasant Plains and New Berlin, effective January 1, 1929. No rules of a similar nature were on file for these exchanges previous to that date.

The rule in question is a part of the exchange rate schedule containing flat rates for village and rural service in these communities.

Pleasant Plains and New Berlin are the only exchanges served by this company.

The standard toll rates of the Illinois Bell and American Telephone and Telegraph Company were filed effective May 20, 1927.

The Wabash Telephone Company

Bloomington and Normal

The rule certified to defining exchange and toll service was filed for Bloomington and Normal by the Kinloch-Bloomington Telephone Company (the predecessor Company) July 28, 1926, suspended in case No. 16580 and made effective June 1, 1927. Previously there was no definition on file showing the relationship between exchange and toll service except the following note which was first in effect April 1, 1921 and is still a part of the rate schedule for these towns:

"Note B.—Long Distance terminals are auxiliary lines to exchange lines and this rate is quoted to subscribers of exchange service only."

The standard toll rates of the Illinois Bell and American Telephone and Telegraph Company were filed by the Kinloch-Bloomington Telephone Company, effective July 21, 1927, and still apply.

Paris, Chrisman, Marshall, Horace, Metcalf, West Union, Elbridge, Redmon, Vermilion, and Vicinities.

The rule in question is on file for Paris, effective June 1, 1929, but has never been on file for the other exchanges listed above. No rule similar to the one certified to was on file for Paris previous to June 1, 1929.

[fol. 5084] Special toll rates of the Wabash Valley Telephone Company, covering the above exchanges, filed March 17, 1914, contain the following note:

"Note.—For rates to points not listed above consult files of the Independent Toll Clearing Company at Springfield, Illinois."

The rule in question is a part of the exchange rate schedules containing flat rates for city and rural service at Bloomington, Normal and Paris.

The schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company were filed, applying to all exchanges, effective March 1, 1931.

The Illinois Telephone Company (Now Illinois Telephone Company)

Greenfield, Roodhouse and White Hall

The rule certified to, defining exchange and toll service, was first filed for Greenfield, Roodhouse and White Hall on July 11, 1929, and suspended in case 19403. The rule was made effective April 1, 1930. No rule of a similar nature was on file for these cities previous to that time.

The rule in question is a part of the exchange schedule of flat rates for each of the foregoing cities, covering city and rural service.

No rule defining exchange and toll service has ever been filed for Alexander, Carrollton, Hillview, Jacksonville, Literberry, Manchester, and Murrayville, the other exchanges of this company.

The schedule of special toll rates filed by the company on May 2, 1914, contains the following paragraph:

"Remarks: All other toll rates are taken from the Kinloch Long Distance Telephone Company's rate book or from the Independent Clearing Company's rate book, according to route. Telephone connections with Farmers Telephone Company."

Schedule of toll rates filed, effective December 20, 1926, applying to all exchanges and toll stations in Illinois, is as follows:

"Toll rates of this company to all points are based upon distance and are shown by the effective toll schedules of the Illinois Bell Telephone Company except to those points to which free toll service was given on September 30, 1926, or to which a rate was charged on September 30, 1926, which was different from the rate shown by the toll schedule promulgated by the Postmaster General of the United States."

The schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company were filed, effective April 30, 1928.

[fol. 5085] Automatic Home Telephone Company

The rule certified to defining exchange and toll service was first filed for Pontiac on April 27, 1925, suspended by order in case No. 15110, and placed in effect on May 1, 1926. Previously there was no definition on file showing the relationship between exchange and toll service.

The rule in question is a part of the exchange rate schedule containing flat rates for city and rural territory.

The exchange rate schedule filed to become effective January 1, 1914, contains the following explanatory remarks:

"Following places receive free toll service over metallic lines: Chenoa, Flanagan, Saunemin, Graymont, Cornell, Weston, Odell, Ocoya, and Pontiac Farmers' Exchange.

"In regard to toll rates. The Independent Toll Clearing Association of Springfield will file and give any information desired."

The schedules of the Independent Toll Clearing Association have no rules defining exchange or toll service.

Pontiac is the only exchange served by this company.

The schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company was filed March 16, 1927.

Home Telephone Company (Now Illinois Telephone Company)

Bluffs and Meredosia

The rule certified to defining exchange and toll service was placed in effect at Bluffs on May 1, 1929, and at Meredosia on June 1, 1929. Previous to that date there was no rule on file of a similar nature.

The rule in question is a part of the exchange rate schedule containing flat rates, covering village and rural territory, of Bluffs and Meredosia. No other exchanges *exchanges* were served by the Home Telephone Company.

The schedule of special toll rates filed by the Illinois Telephone Company on May 2, 1914, for Bluffs, contains the following remarks:

"Remarks: All other toll rates from Bluffs, Illinois, are taken from the Kinloch Long Distance Telephone Company's rate book or from the Independent Clearing Company's rate book, according to route. Telephone connections with Farmers Telephone Company."

The schedules on file of the Kinloch Long Distance Telephone Company and the Independent Toll Clearing Company contain no rules defining toll service.

Telegraph & Telephone Service Bulletin No. 22 of the United States Telegraph and Telephone Administration filed by the Kinloch Long Distance Telephone Company contains the following paragraph:

[fol. 5086] "There are many counties and districts in which a free toll service is granted the subscriber within such county or district, the exchange rates presumably having been made with a view of such free toll service. This order shall not be construed as requiring a discontinuance of these privileges pending a study and revision of these exchange rates." Order No. 2495.

The schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company was filed, effective August 1, 1927.

Streator Telephone Company

Streator and Grand Ridge

The rule defining exchange and toll service, contained in certificates attached, was first placed in effect at Streator and Grand Ridge on February 1, 1923, and has been in effect ever since that date. No rule of a similar nature was previously on file.

The following paragraph is a part of the exchange rate schedule filed June 13, 1914, cancelled February 1, 1923:

"Toll Rates—the toll rates established are those prescribed in the tariff books of the Central Union Telephone Company and the American Telephone and Telegraph Company, with the exception of the arrangement for connection between the two exchanges of this company, viz., Streator and Grand Ridge, a distance of eight miles. All subscribers connected with the Grand Ridge exchange are permitted to

talk without charge to all subscribers in the Streator exchange. All rural subscribers in the Streator exchange are permitted to talk without charge to all subscribers in the Grand Ridge exchange. All subscribers in the Streator exchange, exclusive of rural subscribers are charged for talking with a Grand Ridge subscriber five cents each for a three minute period or fraction thereof and five cents (5¢) for each additional three minutes or fraction thereof."

Morton, Groveland and Tremont

The rule certified to was first filed for Morton, Groveland and Tremont on April 21, 1928, was suspended in case 18254 and made effective on April 1, 1929. No rule of a similar nature was previously on file, for these towns.

The schedule of rates filed by the Farmers' Mutual Telephone Company of Tazewell County for Groveland, effective January 1, 1914, states, as follows: (in addition to exchange and special toll rates):

"Other points:

Via Bell lines—Rates as laid down in Toll Tariff Book of Central Union Telephone Company.

Via Independent Lines—Rates as reported by the Independent Toll Clearing Company."

The rule certified to is a part of the exchange rate schedules containing flat rates covering village and rural service [fol. 5087] at Morton, Groveland and Tremont.

The schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company was filed for Streator and Grand Ridge on March 16, 1927, by the Streator Telephone Company and was filed May 31, 1927, by the Farmers' Mutual Telephone Company of Tazewell County for Groveland, Morton and Tremont.

Stanford, Mackinaw and Minier

The rule certified to was first filed for Stanford, Mackinaw, and Minier on April 21, 1928, was suspended by order in case No. 18255 and placed in effect on April 1, 1929. No rule of a similar nature was previously on file for these communities.

The rule in question is a part of the exchange rate schedule of flat rates, covering village and rural territory in these communities.

The schedule of exchange rates filed by the Minier Mutual Telephone Company (a predecessor Company) effective January 11, 1929, listing toll rates to non-subscribers and special rates to subscribers, states as follows:

"All other toll rates from —— are taken from the rate books of the Independent Toll Clearing Company, Central Union Telephone Company or the American Telephone and Telegraph Company, according to route."

Schedule of standard toll rates of the Illinois Bell and American Telephone and Telegraph Company was filed, effective May 31, 1927, for Stanford, Mackinaw and Minier by the Minier Mutual Telephone Company.

[fols. 5088 & 5089] EXTRACTS FROM EXHIBIT X-307

Report of the Directors of American Telephone and Telegraph Company

New York, March 3, 1932.

To the Stockholders:

The number of Bell System telephones during 1931 decreased 292,000, or a little less than 2 per cent, as compared with a net gain in 1930 or 122,500. Including approximately 4,200,000 telephones operated by some 6,900 connecting companies or on connecting rural lines, the total number of telephones in the United States interconnected in and with the Bell System at the end of the year was 19,600,000.

Local telephone conversations were about 1 per cent less and toll and long-distance conversations were 6 per cent less than in 1930. During the last quarter the decreases compared with the last quarter of 1930 were about 2 per cent and 9 per cent respectively.

Total assets of the System increased $24,000,000 amounting at the end of the year to $5,024,335,000. Preferred stock and bonds amounting to $83,596,000 were retired during the year. Cash assets—including funds temporarily

invested in Government obligations—were $289,000,000 on December 31, 1931.

Total operating revenues of the System decreased $28,000,000 or 2.6 per cent. At the same time, in spite of an increase of $4,000,000 in taxes and $10,000,000 in depreciation, total expenses decreased $29,000,000. Operating income was, therefore, slightly in excess of last year, but a reduction of $11,000,000 in non-operating revenues—due to a reduction in dividends received from the Western Electric Company—resulted in net earnings of $258,000,000 or $10,000,000 less than in 1930. These net earnings were at the rate of 5.1 per cent on the cost of plant and other assets.

(Page 2)

The number of stockholders of the American Telephone and Telegraph Company at the end of 1931 was 644,903, an increase of 77,209 for the year. The average holding per stockholder was 29 shares, as compared with 32 shares at the end of 1930. The earnings of the Company per share were $9.05, compared with $10.44 in 1930.

It has been the aim of the Bell System for many years to plan its construction program so as to avoid, so far as practicable, extraordinary fluctuations from year to year. This aids stabilization of employment and, in the long run, results in economies. The construction expenditures for 1930 were at substantially the level of 1929, but the much reduced growth of the business in 1930 followed by an [fol. 5090] actual decline in 1931 forced a curtailment in these expenditures for 1931. While the net additions to plant of $149,000,000 during the year were the lowest since 1920, every effort was made to move forward replacement and betterment work with the result that the gross construction expenditures during the year were $391,000,000, which is larger than in any year except 1928, 1929 and 1930.

(Page 3)

Ship-to-shore telephone service was extended during 1931 to additional liners, making seven in all. Radio stations are being installed for ship-to-shore service with tug-

boats and other harbor craft at Boston, New York, Seattle, San Francisco and Los Angeles.

Extension of the telephone cable network continued during 1931, including the completion of cable extensions from Chicago and St. Louis to Omaha and Kansas City. A fourth submarine cable between Key West and Havana was opened to service during the year. This new cable, with its three telephone channels (as compared with one in each of the other three cables), is the result of development work by Bell System research engineers.

By the close of 1931 the major part of the air transport routes of the United States, including about 90 airport ground stations and about 250 airplanes, had been supplied with Western Electric radiotelephone equipment. This equipment is employed for the dispatching of airplanes and for the maintenance of two-way telephone communication between the pilots and the airport personnel. Teletypewriter circuits totaling about 30,000 miles are being used for the transmission of meteorological information and other communications relating to air transportation.

(Pages 5 and 6)

Research and Development

There has been no substantial reduction in development and research activity other than that occasioned by the closing of Bell Telephone Laboratories on Saturday mornings beginning in August.

With lessened pressure during the year for new things urgently required for immediate use by the operating companies, and because of postponement to a later date of a few highly technical projects, such as the transatlantic telephone cable, there has been a transfer of emphasis to some of the more fundamental problems.

There are always many research and development problems the solution of which is potentially of great value either from the standpoint of economy or the betterment of service. Frequently, however, they require a large amount of fundamental research work before they can be brought to the stage where practical application can be undertaken. In times of heavy demand for new plant or new methods from the operating companies it is often necessary to defer work on problems of this kind and

devote the energies of the staff to matters of more immediate concern. In periods of reduced activity it is possible to attack vigorously those major problems whose solution will be of great future benefit to the Bell System.

[fol. 5091] As examples of the fundamental types of problem on which it was possible to concentrate during 1931 might be mentioned the investigation of wide-frequency band transmission over cable circuits and the investigation of magnetic materials which play such an important part in the efficient functioning of communication apparatus.

It now seems clear that circuits can be provided in aerial or underground cable that will have characteristics permitting an extremely wide band of frequencies to be transmitted with substantial uniformity throughout the band. The net result of this work has been to open up the possibility of very long circuits, each of which can carry a very large number of non-interfering telephone communications, and a very much larger number of non-interfering telegraph communications.

Equally promising and in an entirely different direction have been the results of the fundamental work on materials, and particularly on magnetic materials, following the already striking advances which were made in the development of permalloy and perminvar in our laboratories a few years ago.

Western Electric Company, Incorporated

The decline in the gross business of the Bell System, even though small, deprived the Western Electric Company of part of its usual manufacturing based on the normal growth of the telephone industry. Total sales amounted to $229,000,000, compared with $361,000,000 in 1930.

To provide employment for the greatest number, short-time operation was very generally applied and on August 1st a maximum of five days per week employment and remuneration was adopted throughout the company, including officers and their staffs. As a result, in spite of a 37 per cent decrease in business, the average number of employees in 1931 was greater than in any year except 1929 and 1930. Employees at the end of the year numbered 44,600.

Dividends paid totalled $10,500,000 as compared with $23,250,000 in 1930.

Electrical Research Products, Inc. (wholly owned by the Western Electric Company) maintained its position of its recording and sound reproducing apparatus in the moving picture industry. At the end of 1931 there were approximately 5,400 Western Electric reproducing systems in theatres in the United States and 3,200 in theatres abroad.

[fol. 5092] X-307, p. 10

American Telephone and Telegraph Company

Balance Sheet, December 31, 1931

Assets

Investments:	
Stocks of Associated Companies	$1,939,270,421.51
Investment, at cost, in stocks of associated telephone companies.	
Increase for the year $161,207,728. See page 13.	
Stocks of Other Companies	168,855,388.28
Investment, at cost, in stocks of affiliated and subsidiary companies other than Associated Companies. Increase for the year $162,500. See page 13.	
Bonds and Notes of, and Advances to, Associated Companies	316,577,487.47
Temporary financing of Associated Companies for the extension of their telephone properties, including also $836,044 investment in bonds of these companies. Decrease for the year $4,051,452.	
Notes of, and Advances to, Other Companies	51,197,000.00
Loans and advances to affiliated and subsidiary companies, other than Associated Companies. Increase for the year $201,500. See page 13.	
Plant and Equipment:	
Long Lines Plant and Equipment	459,632,581.50
Cost of long-distance plant and equipment mainly for providing interconnection between and through territories of Associated Companies. Increase for the year $24,321,565.	
General Equipment	1,566,814.39
Cost of office furniture and equipment other than that included in Long Lines Plant and Equipment.	
Current Assets:	
Accounts Receivable	13,078,792.09
Current receivables, including dividends, interest, tolls and other items.	
[fol. 5093]	
Temporary Investments	233,424,180.33
Funds temporarily invested in municipal, state and United States Government short-term obligations and special bank deposits in anticipation of financial requirements.	

Cash	21,043,681.84
Cash and deposits in banks available for current requirements.	
Total Assets	$3,204,646,347.41

(Page 11)

American Telephone and Telegraph Company

Balance Sheet, December 31, 1931, continued

Liabilities

Capital Stock:	
Stock Issued and Outstanding (Authorized $2,500,000,000)	$1,865,836,100.00
Total par value of shares outstanding. Increase for the year $70,184,900. See page 14.	
Installments	72,339,276.21
Installments paid on stock subscribed for but not yet issued. Decrease for the year $39,123,760. See page 14.	
Premiums	268,568,584.31
Amount received in excess of par value of capital stock. Increase for the year $9,436,982. See page 14.	
Long-term debt:	
Bonds and Debentures	458,300,900.00
Face value of debt obligations in the form of bonds and debentures. Decrease for the year $4,314,800. See page 14.	
Notes	13,122,615.05
Notes sold to Trustee of Pension Fund.	

[fol. 5094]

Current Liabilites:	
Dividend Payable January 15, 1932	41,981,294.25
Dividend declared for last quarter of 1931.	
Accounts Payable	17,514,834.73
Current accounts for supplies, services, etc.	
Interest and Taxes Accrued, Not Due	12,395,176.74
Interest and taxes payable after close of year.	
Surplus and Reserves:	
Reserve for Depreciation	64,429,195.96
Provision for the ultimate retirement of plant and equipment used up in furnishing telephone service. Increase for the year $6,282,547.	
Reserve for Contingencies	64,664,444.18
(No change during year.)	

Surplus		325,493,925.98
Increase for the year, $3,124,456, comprising:		
Net income carried to Surplus	$3,078,059	
Miscellaneous additions (net)	46,397	
Total Liabilities		$3,204,646,347.41

C. A. Heiss, Comptroller.

[fol. 5095] American Telephone and Telegraph Company

Statement of Earnings and Expenses for the Year Ending December 31, 1931

Earnings:	
Dividends	$150,135,883.73
Dividends on stocks owned. As a whole these dividends were earned with a margin of about $3,400,000.	
Interest	27,138,693.99
Interest on notes and advances, on bonds owned, on temporary investments and bank deposits, and on other accounts.	
Telephone Operating Revenues	109,317,960.95
Revenues from operation of the long-distance lines and payments from the Associated Companies for services furnished them under the license contracts.	
Miscellaneous Revenues	1,249,510.25
Total	$287,842,048.92
Expenses	90,024,636.38
Expenses incurred in conducting the business, including depreciation and taxes.	
Net earnings	$197,817,412.54
Deduct Interest	31,150,878.84
Interest on bonds, debentures and other indebtedness.	
Net income	$166,666,533.70
Deduct Dividends	163,588,474.25
Dividends at the rate of $9.00 per share per annum on capital stock.	
Balance for Surplus	$3,078,059.45
Average number of shares of capital stock outstanding during year	18,419,461
Net earnings per share available for dividends (after interest charges)	$9.05

C. A. Heiss, Comptroller.

[fol. 5096] The number of stockholders of record on December 31, 1931 was 644,903, an increase of 77,209 over the previous year. The average holding per stockholder is now 29 shares, as compared with 32 shares at the end of 1930.

More than 125,000 Bell System employees are stockholders, having acquired shares through small installment payments under Employees' Stock Plans. The average holding per employee stockholder is 10 shares.

For the past 50 years the American Telephone and Telegraph Com-

pany and its predecessor have paid regular quarterly dividends to stockholders at the annual rate of at least $7.50 per share. The table below gives the net earnings per share available for dividends.

Net Earnings per Share

1912	$9.86
1913	9.59
1914	9.38
1915	9.52
1916	9.77
1917	9.48
1918	9.97
1919	10.05
1920	11.72
1921	11.10
1922	11.11
1923	11.35
1924	11.31
1925	11.79
1926	11.95
1927	11.76*
1928	12.11
1929	12.67
1930	10.44
1931	9.05

* Does not include special dividend from Western Electric Company, Inc.

[fol. 5097] Bell System Financial Statements

The Bell System Balance Sheet and Income Statement which follow combine the accounts of the American Telephone and Telegraph Company and its twenty-four associated operating telephone companies. All intercompany duplications are excluded from the combined figures so that the statements represent the business as a whole of the Bell Telephone System. The accounts of the Western Electric Company, Inc., The Bell Telephone Company of Canada and of subsidiary and connecting companies in which either the American Telephone and Telegraph Company or its associated telephone companies have investments are not included, but the investments in these companies appear in the accompanying Balance Sheet under the item Investments, and dividends and interest received from them are included in the Income Statement under Non-Operating Revenues.

Bell System Balance Sheet, December 31, 1931

(Inter-Company Duplications Excluded)

Assets

Telephone Plant	$4,195,063,589
Plant and equipment used in furnishing telephone service; comprised of land and buildings, rights of way, poles, wire, cable, underground conduit, switchboards, telephones, etc. Increase for the year $151,641,850.	
General Equipment, Tools and Supplies	95,708,659
Materials and supplies, office furniture and fixtures, automobiles, tools, etc. Decrease for the year $7,018,605.	
Investments	305,514,657
Investments in stocks and bonds of, and advances to, subsidiary and connecting companies, and in miscellaneous property. These investments include stocks of Western Electric Company, Inc., The Bell Telephone Company of Canada, etc. Increase for the year $21,762,569.	
Accounts Receivable	138,519,006

Current accounts receivable from telephone subscribers, and amounts receivable from connecting companies and others.

Temporary Investments	$239,289,893

Funds temporarily invested and held available for conversion into cash as needed.

Cash	50,239,747

Cash and deposits in banks available for current requirements.

Total Assets	$5,024,335,551

NOTE.—All items of intangible assets carried in the accounts of Bell System companies are excluded from the Bell System Balance Sheet through a corresponding reduction in the Surplus.

[fol. 5098]

Liabilities

Capital Stock (Including Installments)		$2,172,897,419

Par value of capital stock outstanding in hands of public, including also installment payments on stock not yet issued. Increase for the year $17,844,693.

Common Stock:		
American Telephone and Telegraph Co.	$1,865,836,100	
Associated Companies	136,731,443	
Common Stock Installments:		
American Telephone and Telegraph Co.	72,339,276	
Preferred Stock:		
Associated Companies	97,990,600	
Premiums on Capital Stock		268,152,953

Net amount received in excess of par value of capital stock outstanding in hands of public.

Long-Term Debt		1,054,824,529

Face value of funded obligations outstanding in hands of public. Decrease for the year $60,767,694.

Mortgage Bonds:		
Associated Companies	$487,179,595	
Collateral Trust Bonds:		
American Telephone and Telegraph Co.	75,951,500	
Associated Companies	388,850	
Debenture Bonds:		
American Telephone and Telegraph Co.	368,905,900	
Associated Companies	10,000,000	
Convertible Bonds:		
American Telephone and Telegraph Co.	12,923,000	
Notes Sold to Trustee of Pension Fund:		
American Telephone and Telegraph Co.	13,122,615	
Associated Companies	85,801,069	
Notes—Miscellaneous:		
Associated Companies	552,000	
Bills Payable		937,000

Short-term obligations payable within one year.

Accounts Payable	79,292,391

Current bills for supplies, services, etc.

Accrued Liabilities Not Due 125,983,017

Dividends, interest, taxes, rents, etc., payable after close of year.

Reserves for Depreciation of Plant and Equipment 788,586,005

Provision for the ultimate retirement of plant and equipment used up in furnishing telephone service. Increase for the year $48,580,130.

Reserves for Contingencies 85,289,952

Increase for the year $2,072,380.

[fol. 5099] Surplus $448,372,285

Total Liabilities $5,024,335,551

(page 18)

Bell System Financial Statements

Bell System Income Statement

For Year Ending December 31, 1931

(Inter-Company Duplications Excluded)

Exchange Revenues $723,920,495

Revenues from local exchange service.

Toll Revenues 326,268,854

Revenues from long-distance and local toll service.

Miscellaneous Revenues 25,567,924

Revenues derived from directory advertising and miscellaneous sources.

Total Operating Revenues $1,075,757,273

Current Maintenance $177,021,733

Cost of inspection, repairs and rearrangements required to keep the telephone plant and equipment in good operating condition, representing 4.4 per cent of the cost of the average plant in service during the year.

Depreciation Expense 192,307,175

Provision to meet loss of investment when telephone property is retired from service, based on rates of depreciation for the different classes of property which spread this loss of investment uniformly over its service life. Depreciation expense during 1931 represented 4.9 per cent of the cost of the average depreciable plant in service.

Traffic Expenses 199,942,702

Expenses incurred in the handling of telephone calls; principally operators' wages.

Commercial Expenses 103,503,879

Expenses incurred in business relations with subscribers, including the rendering of bills and collection of accounts; also the cost of advertising, sales activities, directories, pay station commissions, etc.

General and Miscellaneous Expenses	66,382,880

Expenses of the Executive, Accounting, Financial and Legal Departments, insurance premiums, sickness, accident and death benefits, pensions and other items of general expense incurred in operating the properties.

Total Operating Expenses	$739,158,369
Net Operating Revenues	$336,598,904
Uncollectible Revenues	$8,861,863

Revenues earned which, based on experience, cannot be collected.

[fol. 5100] Taxes	$90,630,592

Federal, state and local taxes applicable to the year's operations.

Operating Income (Carried Forward)	$237,106,449

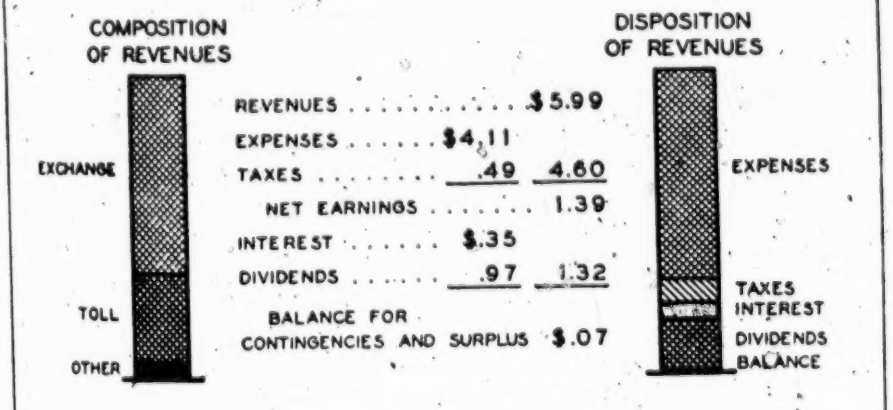
(Here follows pp. 5101-5114)

BELL SYSTEM FINANCIAL STATEMENTS

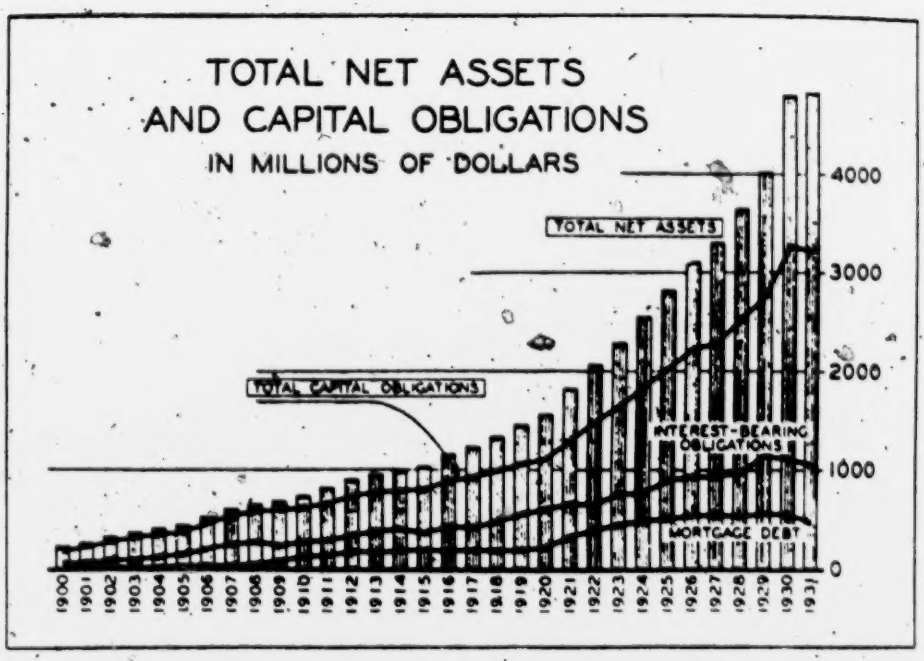
Bell System Income Statement, Continued

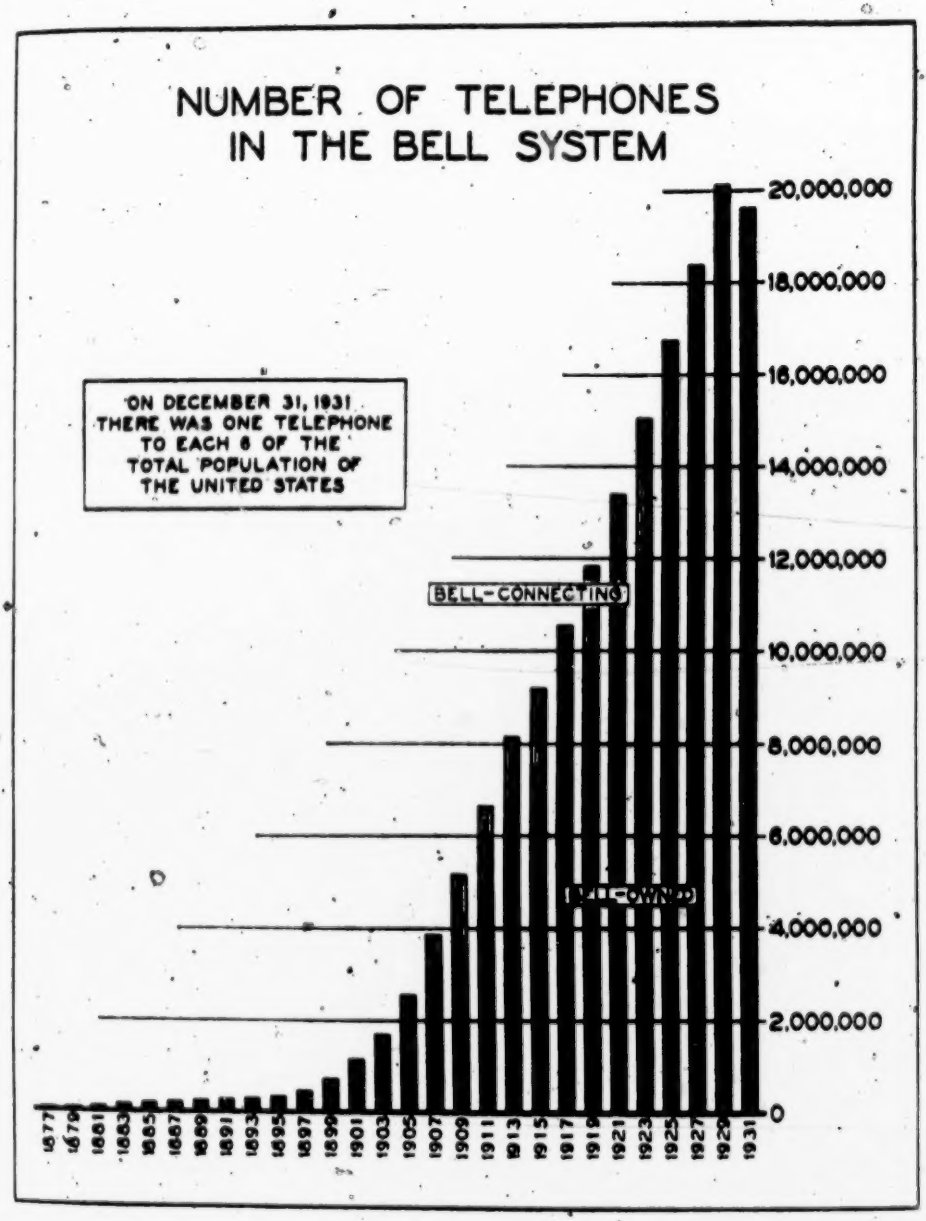
Operating Income (Brought forward)		$237,106,449
Non-Operating Revenues—Net		36,567,982
Dividends and interest received from investments in the Western Electric Company, Inc., The Bell Telephone Company of Canada, and in subsidiary and connecting companies; interest on bank balances and temporary investments, minor rent revenues and other miscellaneous non-operating income.		
Total Gross Income		$273,674,431
Rents and Miscellaneous Deductions		$ 15,575,451
Mainly rentals paid for the use of buildings, poles, conduits and other facilities.		
Net Earnings		$258,098,980
Interest Deductions		$ 64,749,802
Interest charges on funded and other debt obligations, including amortization of debt discount.		
Net Income		$193,379,178
Dividends		$180,904,344
To holders of preferred stock of Associated Companies	$ 6,428,174	
To holders of common stock of Associated Companies	10,887,696	
American Telephone and Telegraph Co.	163,588,474	
Balance		$ 12,474,834

AVERAGE MONTHLY REVENUES AND EXPENSES PER TELEPHONE IN BELL SYSTEM FOR YEAR ENDING DECEMBER 31, 1931



BELL SYSTEM STATISTICS




NUMBER OF TELEPHONES
IN THE BELL SYSTEM
ON DECEMBER 31, 1931 THERE WAS ONE TELEPHONE TO EACH 8 OF THE TOTAL POPULATION OF THE UNITED STATES
BELL-CONNECTING
20,000,000
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
1877
1879
1881
1883
1885
1887
1889
1891
1893
1895
1897
1899
1901
1903
1905
1907
1909
1911
1913
1915
1917
1919
1921
1923
1925
1927
1929
1931

5103

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) at Close of Year. Principal. (b)	Interest. (c)
		$ c.	$ c.
1	New England Tel & Tel Co	4 600 000 00	14 945 00
2	New York Telephone Co	43 213 716 44	211 747 21
3	Bell Tel Co of Pa	0	9 437 85
4	Ches.&Pot.Tel Co.of Balt City	725 000 00	3 221 75
5	" " " " " West Va.	725 000 00	3 111 50
6	" " " " " Va.	600 000 00	2 940 00
7	Illinois Bell Tel.Co.	4 000 000 00	26 033 55
8	Wisconsin Tel.Co.	2 774 204 48	13 120 38
9	Michigan State Tel.Co.	21 537 595 21	104 680 80
10	Central Union Tel. Co.	12 571 925 71	0
11	Ohio Bell Tel.Co.	9 000 000 00	0
12	Indiana Bell Tel.Co.	1 395 000 00	4 888 29
13	Southern Bell Tel.& Tel Co.	6 836 238 45	29 263 95
14	Cumberland Tel.&Tel.Co.	7 297 080 38	45 546 21
15	Northwestern Bell Tel.Co.	3 533 236 21	16 152 37
16	Northwestern Tel.Exch.Co.(a)	4 [illegible]	84 549 41
17	Nebraska Telephone Co.(a)	1 856 625 43	39 831 47
18	Southwestern Bell Tel.Co.	19 624 761 22	90 162 21
19	Mountain States Tel &Tel.Co.	2 137 018 20	10 471 39
20	Pacific Tel.&Tel.Co.	2 760 000 00	43 623 00
21	Southern New Eng.Tel.Co.	2 478 343 32	12 143 89
22	TOTAL	178 085 817 93	760 871 09

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includible in Account No. 111, "Miscellaneous investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
None held at close of year	
Land and buildings were acquired and disposed of during year as follows:	Book value
20-22 Dey Street, New York, N. Y.	429 890 14
178 Fulton Street, New York, N. Y.	170 222 57
TOTAL,	

(a) Assumed by Northwestern Bell Telephone Company as of December 31, 1920.

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is shown in the item "Cash and deposits," on the asset side of the balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash," account at the close of the year.

Line No.	Name of depositary. (a)	Purpose of deposit. (b)	Amount at close of year (c)
31			
32	Board of Public Works,		
33	City of Detroit, Michigan (Cash)	In accordance with the terms of the franchise.	200 00
34			
35			
36			
37			
38			
39			
40		Total Special Deposits,	200 00
41	Cash on hand and in banks, available for general corporate purposes,		26 636 160 24
42		TOTAL CASH AND SPECIAL DEPOSITS,	26 636 360 24

TELEPHONE COMPANIES—OPERATING.

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) at Close of Year. Principal. (b) $ c.	Interest. (c) $ c.
1	New England Tel & Tel Co	13 750 000 00	57 575 00
2	New York Telephone Co	17 479 123 56	209 593 85
3	Ches.&Pot.Tel.Co.(Balt.)	1 675 000 00	7 039 66
4	" " " " (W.Va.)	433 800 00	4 777 50
5	" " " " (Va.)	600 000 00	2 940 00
6	Wisconsin Tel. Co.	3 974 294 48	13 474 04
7	Michigan State Tel. Co.	21 937 732 50	107 494 89
8	Central Union Tel. Co.	13 919 795 22	79 658 81
9	Ohio Bell Tel. Co.	2 855 000 00	40 345 78
10	Indiana Bell Tel. Co.	918 000 00	27 697 50
11	Southern Bell Tel.Co.	12 723 238 45	58 973 16
12	Cumberland Tel & Tel Co.	8 077 080 38	39 577 69
13	Northwestern Bell Tel.Co.	4 885 000 00	23 936 50
14	Southwestern Bell Tel.Co.	30 174 761 22	139 877 50
15	Mountain States Tel&TelCo.	3 399 018 20	16 655 19
16	Pacific Tel & Tel Co.	22 010 000 00	96 636 16
17	Southern New England TelCo.	2 962 043 32	14 024 02
18			
19			
20	TOTAL	161 773 887 33	946 277 25

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includible in Account No. 111, "Miscellaneous investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Line No.	Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b) $ c.
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is shown in the item "Cash and deposits" on the asset side of the balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary. (a)	Purpose of deposit. (b)	Amount at close of year (c) $ c.
31			
32	Board of Public Works,		
33	City of Detroit, Michigan (Cash)	In accordance with the terms of the franchise	200 00
34			
35			
36			
37			
38			
39			
40		Total Special Deposits,	200 00
41	Cash on hand and in banks, available for general corporate purposes,		29 732 164 94
42		TOTAL CASH AND SPECIAL DEPOSITS,	29 732 364 94

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) at Close of Year. Principal. (b)	Interest. (c)
		$ c.	$ c.
1	Central Union Tel.Co.	12 805 614 20	64 354 74
2	Chas.&Pot.Tel.Co.(West Va.)	3 755 071 76	6 413 12
3	" " "(Virginia)	4 920 797 81	1 657 84
4	Cumberland Tel& Tel Co.	8 277 080 38	40 557 69
5	Michigan State Tel Co.	25 985 465 00	96 703 78
6	Mountain States T & T Co.	4 200 000 00	20 580 00
7	New York Telephone Co.	7 611 553 99	79 767 71
8	Pacific Tel.& Tel.Co.	300 000 00	98 00
9	Southern Bell T & T Co.	14 546 238 45	69 447 23
10	Wisconsin Telephone Co.	2 726 144 00	12 410 77
11	Southwestern Bell TelCo.	16 274 761 22	79 746 33
12	Indiana Bell Tel. Co.	5 133 625 00	17 532 17
13	Southern New Eng.Tel.Co.	1 300 000 00	6 370 00
14	Ohio Bell Tel. Co.	6 205 000 00	26 680 50
15	Maryland TelCo of Balt City	1 725 500 00	-
16	Northwestern Bell TelCo.	-	11 968 25
17			
18			
19			
20	Total.	115 766 851 81	634 288 13

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includible in Account No. 111, "Miscellaneous Investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

	Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
		$ c.
	None	
	Total.	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is shown in the item "Cash and deposits," on the asset side of the balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

	Name of Depositary. (a)	Purpose of deposit. (b)	Amount at close of year (c)
			$ c.
31			
32			
33			
34			
35			
36			
37			
38			
39			
40		Total Special Deposits,	None
41	Cash on hand and in banks, available for general corporate purposes,		26 517 547 38
42		TOTAL CASH AND SPECIAL DEPOSITS,	26 517 547 38

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) at Close of Year. Principal. (b)	Interest (c)
		$	$
1	Bell Tel.Co.of Penna.	16 200 000 00	73 075 34
2	New England Tel.& Tel.Co.	19 249 000 00	78 680 10
3	Ches.& Pot.Tel Co (West Va)	1 255 471 76	5 171 81
4	" " " " (Va.)	617 797 81	2 292 21
5	" " " " (BaltCity)	125 000 00	0
6	Cumberland Tel.& Tel.Co.	1 802 480 38	44 966 07
7	Michigan State Tel.Co.	16 820 465 00	80 705 28
8	Mountain States T & T Co.	1 524 302 00	7 469 06
9	New York Telephone Co.	30 711 553 99	128 028 28
10	Pacific Tel. & Tel.Co.	31 400 000 00	141 528 34
11	Southern Bell Tel&Tel.Co.	1 640 000 00	4 325 06
12	Ohio Bell Telephone Co.	11 415 607 94	44 157 16
13	Southwestern Bell Tel Co.	20 874 761 22	90 608 00
14	Indiana Bell Telephone Co	6 058 625 00	124 754 10
15	Southern New Eng.Tel.Co.	2 700 000 00	15 086 66
16	Wisconsin Telephone Co.	0	18 883 72
17			
18			
19			
20	Total.	168 395 065 10	857 671 22

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includible in Account No. 111, "Miscellaneous investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Line No.	Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
		$
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	Total.	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is shown in the item "Cash and deposits," on the asset side of the balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 208, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary. (a)	Purpose of deposit. (b)	Amount at close of year (c)
			$
31			
32	J. P. Morgan & Co.	Temporary deposit of surplus cash funds - repayable Jan.31,1924	10 00
33			
34			
35			
36			
37			
38			
39			
40			
41	Cash on hand and in banks, available for general corporate purposes.		
42			

Annual Report to the Interstate Commerce Commission 1923

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) At Close of Year. Principal. (b)	Interest. (c)
		$ c.	$ c.
1	Bell Tel. Co. of Penna	15 103 000 00	51 548 00
2	New England Tel.& Tel.Co.	31 219 200 00	138 274 08
3	Ches.& Pot.Tel.Co.of W.Va.	2 755 471 76	13 011 81
4	" " " " Va.	2 342 797 81	8 907 21
5	" " " " B.C.	4 275 000 00	18 865 00
6	Cumberland Tel.& Tel.Co.	10 322 480 38	46 758 15
7	Michigan Bell Tel. Co.	7 015 000 00	102 973 50
8	Mountain States T.&T.Co.	1 000 000 00	7 347 72
9	New York Telephone Co.	43 831 553 99	177 861 67
10	Pacific Tel.& Tel. Co.	45 287 500 00	208 784 92
11	Southern Bell Tel&Tel.Co	5 285 000 00	19 461 16
12	Wisconsin Telephone Co.	0	7 570 50
13	Indiana Bell Tel. Co.	7 748 625 00	131 979 25
14	Southern New Eng.T.& Tel.Co.	3 200 000 00	14 700 00
15	Ohio Bell Telephone Co.	16 315 607 94	72 694 48
16			
17			
18			
19			
20	Total.	195 698 236 88	1 020 737 05

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includible in Account No. 111, "Miscellaneous investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Line No.	Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
		$ c.
	None	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits," on the asset side of the Balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary. (a)	Purpose of deposit. (b)	Amount at close of year. (c)
			$ c.
31	The Merchants National Bank, Boston, Mass.	Temporary deposit of surplus cash funds	1 000 000 00
32	Old Colony Trust Co., Boston, Mass.	" " " " " "	2 500 000 00
33			
34			
35			
36			
37			
38			
41	Cash on hand and in banks, available for general corporate purposes,	Total Special Deposits,	3 500 000 00
42		Total Cash and Special Deposits,	23 331 892 27 27 031 892 27

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company. (a)	Amount of Unpaid Advances (Including Interest) at Close of Year. Principal. (b)	Interest. (c)
		$ c.	$ c.
1	New England Tel.&Tel.Co.	24 850 000 00	238 193 24
2	Ches.& Pot.Tel.Co.(NY)	(a) 150 000 00	0
3	" " " Balt City	7 200 000 00	34 300 00
4	" " " " W.Va.	4 955 471 76	23 424 31
5	" " " " Va.	3 467 797 81	16 012 21
6	Cumberland Tel.& Tel.Co.	8 377 626 23	32 340 14
7	Michigan Bell Tel. Co.	20 090 000 00	86 779 00
8	Mountain States T.& T.Co.	1 000 000 00	6 051 50
9	New York Telephone Co.	85 488 553 99	392 301 12
10	Pacific Tel. & Tel. Co.	45 187 500 00	208 776 75
11	Southern Bell Tel&Tel Co.	7 191 824 79	24 183 13
12	Wisconsin Telephone Co.	0	245 00
13	Indiana Bell Tel. Co.	6 622 139 22	32 448 49
14	Southern New England T.Co	3 000 000 00	14 700 00
15	Ohio Bell Telephone Co.	7 715 607 94	26 830 48
16	Illinois Bell TelephoneCo	3 000 000 00	14 700 00
17	Northwestern Bell Tel Co.	4 750 000 00	18 260 66
18	205 Broadway Corporation	21 557 602 92	0
19			
20		244 604 124 66	1169 546 03

(a) Advance made as of Dec.31,1925.

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. The securities of affiliated companies are includible in Account No. 111, "Miscellaneous Investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other [illegible] sufficient particularity.

If any property of the character provided for in this schedule was disposed of during the year, [illegible]

Line No.	Name and description of property held at close of the year as an investment. (a)	Amount at which carried at close of year. $ c.
	None	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits" on the asset side of the Balance Sheet (p. 207). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 208, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary. (a)	Purpose of deposit. (b)	Amount at close of year.
31			
32			
33			
34			
35			
36			
37			
38		Total Special Deposits,	0
41	Cash on hand and in banks, available for general corporate purposes,		26 866 043 46
42		Total Cash and Special Deposits,	26 866 043 46

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company (a)	Amount of unpaid advances (including interest) at close of year: Principal (b)	Amount of unpaid advances (including interest) at close of year: Interest (c)	Interest accrued and credited to income during the year (d)
		$ c	$ c	$ c
1	Ches.& Pot.Tel.Co.(N.Y.)	2 025 000 00	6 002 50	30 800 59
2	Del.& At.Tel.& Tel.Co.	7 217 239 47	24 094 48	47 094 62
3	Illinois Bell Tel. Co.	13 800 000 00	60 449 66	441 695 78
4	Indiana Bell Tel. Co.	6 500 000 00	31 850 00	384 851 43
5	Michigan Bell Tel. Co.	32 940 000 00	151 410 00	1494 099 82
6	Mountain States T.& T.Co.	946 000 00	5 126 06	94 510 22
7	New York Telephone Co.	38 263 314 52	158 090 24	1178 640 26
8	Ohio Bell Telephone Co.	18 946 607 94	72 748 38	678 208 83
9	Pacific Tel. & Tel. Co.	65 687 500 00	311 576 75	3020 498 67
10	Southern Bell Tel&Tel Co	25 772 855 31	111 080 66	559 331 74
11	Southern New England T.Co	1 250 000 00	6 125 00	165 626 86
12	Southwestern Bell Tel.Co.	4 274 559 81	5 461 34	103 531 97
13	205 Broadway Corporation	4 800 000 00	20 000 00	399 315 17
14	Bell Tel.Laboratories, Inc.	1 300 000 00	7 583 33	15 166 66
15	Ches.&Pot.Tel.Co.Balt City	0	44 851 00	489 922 41
16	Ches.&Pot.Tel.Co.of Va.	0	18 629 71	215 147 95
17				
18				
19				(a)
20	TOTAL	223 623 077 65	1035 265 11	9338 443 18

(a) Includes interest on advances retired during the year by companies listed.

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includable in Account No. 41, "Miscellaneous Investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Line No.	Name and description of property held at the close of the year as an investment (a)	Amount at which carried on respondent's books at close of year (b)
		$ c
1	None	
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20	TOTAL	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits," on the asset side of the Balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary (a)	Purpose of deposit (b)	Amount at close of year ($) $ c
31	First National Bank, Boston, Mass.	Temporary deposit of surplus cash.	1 000 000 00
32	National Shawmut Bank, Boston, Mass.	" " " "	2 000 000 00
33			
34			
35			
36			
37			
38			
39			
40			
41	Cash on hand and in banks, available for general corporate purposes,	Total Special Deposits,	3 000 000 00
42		TOTAL CASH AND SPECIAL DEPOSITS,	24 789 173.20

LARGE TELEPH. COMPANIES

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company (a)	Amount of Unpaid Advances (Including Interest) at Close of Year: Principal (b)	Amount of Unpaid Advances (Including Interest) at Close of Year: Interest (c)	Interest accrued and credited to income during the year (d)
		$ c	$ c	$ (a) c
1	Ches.& Pot.Tel.Co.(N.Y.)	3 647 651 18	15 435 00	148 915 09
2	" " "Co.Balt.City	1 972 772 59	3 062 50	21 061 84
3	" " " " of Va.	974 723 96	1 225 00	10 922 91
4	" " " " " W.Va.	1 059 365 58	2 695 00	20 861 75
5	Indiana Bell Tel. Co.	3 500 000 00	31 850 00	382 200 00
6	Michigan Bell Tel. Co.	15 127 385 95	231 525 00	2339 150 56
7	Mountain States T.&T.Co.	3 307 886 15	12 005 00	113 366 08
8	New England Tel.&Tel.Co.	5 032 799 74	4 410 00	9 457 00
9	New Jersey Bell Tel.Co.(b)	22 824 633 94	70 791 48	605 621 49
10	New York Telephone Co.	71 661 238 91	297 675 00	2801 627 70
11	Northwestern Bell T.Co.	2 045 138 79	40 84	726 84
12	Ohio Bell Telephone Co.	3 496 492 63	117 763 05	1285 723 91
13	Pacific Tel.& Tel.Co.	35 351 880 48	54 641 29	1980 438 65
14	Southern Bell T.& T.Co.	20 283 141 91	71 588 26	877 484 79
15	Southern New England TCo	5 996 172 05	25 725 00	201 087 82
16	Southwestern Bell T.Co.	3 892 089 53	86 066 34	704 357 28
17	Wisconsin Tel.Co.	2 513 846 52	5 145 00	42 262 50
18	Bell Tel.Laboratories,Inc.	1 300 000 00	7 583 33	90 999 96
19	205 Broadway Corporation	4 800 000 00	20 000 00	240 000 00
20	TOTAL	208 787 019 91	1059 227 09	11878 266 17

(a) Includes interest on advances retired during the year by companies listed.

(b) Name changed from Delaware & Atlantic Tel.& Tel.Co.,Sept. 26, 1927.

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includable in Account No. 111, "Miscellaneous Investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
	$ c
None	
TOTAL	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits," on the asset side of the Balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary (a)	Purpose of deposit. (b)	Amount at close of year. (c)
			$ c
31			
32	None		
33			
34			
35			
36			
37			
38			
39			
40		Total Special Deposits,	0
41	Cash on hand and in banks, available for general corporate purposes,		20 814 033 59
42		TOTAL CASH AND SPECIAL DEPOSITS,	20 814 033 59

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No	Name of debtor company (a)	Amount of Unpaid Advances (Including Interest) at Close of Year: Principal (b)	Amount of Unpaid Advances (Including Interest) at Close of Year: Interest (c)	Interest accrued and credited to income during the year (d)
	Wisconsin Tel. Co.	$ 0 00	$ 490 08	$ 83 [illegible] 08
1	Ches.& Pot.Tel.Co.(N.Y.)	3547 651 18	16 280 99	198 393 56
2	" " " Co.Balt.City	2672 772 59	9 544 08	100 057 64
3	" " " " of Va.	1324 723 96	4 531 15	48 906 21
4	" " " " " W.Va.	2384 365 58	8 743 39	84 499 94
5	Indiana Bell Tel. Co.	3500 000 00	17 150 00	205 800 00
6	Michigan Bell Tel. Co.	32517 385 95	139 865 85	1187 622 61
7	Mountain States T&T Co.	9950 000 00	48 077 16	329 119 44
8	New England Tel.&Tel.Co.	5700 000 00	28 371 00	185 811 62
9	New Jersey Bell Tel.Co.	13747 103 42	158 304 81	1601 975 45
10	New York Tel. Co.	5300 000 00	0	1053 420 21
11	Illinois Bell Tel. Co.	12400 000 00	51 172 83	312 922 29
12	Ohio Bell Telephone Co.	1600 000 00	44 170 47	361 397 19
13	Pacific Tel. & Tel. Co.	51551 880 48	947 278 55	2586 297 91
14	Southern Bell T.& T.Co.	34422 989 91	150 902 17	1159 549 55
15	Southern New England T.Co.	2500 000 00	12 250 00	262 184 59
16	Southwestern Bell T.Co.	0	70 876 47	608 380 26
17	Bell Tel. Co.of Penna.	6500 000 00	16 574 63	54 026 97
18	Bell Tel.Laboratories	1300 000 00	7 583 33	90 999 96
19	205 Broadway Corporation	4950 000 00	30 425 00	343 826 38
20	TOTAL	195 868 873 07	1052 792 88	10759 083 66

(a) Includes interest on advances retired during the year by companies listed.

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includable in Account No. 111, "Miscellaneous investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
None	
TOTAL	

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits," on the asset side of the Balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No	Name of depositary (a)	Purpose of deposit (b)	Amount at close of year (c)
31	None		
32			
33			
34			
35			
36			
37			
38		Total Special Deposits,	0
41	Cash on hand and in banks, available for general corporate purposes,		[illegible]
42		TOTAL CASH AND SPECIAL DEPOSITS,	20 695 267 43

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company (a)	Amount of Unpaid Advances (Including Interest) at Close of Year: Principal	Interest	Interest accrued and credited to income during the year (a)
1	Illinois Bell Tel. Co.	2 208 000 00	1 981 00	458 945 33
2	Bell Tel. Co. of Pa.	$ 6 300 000 00	$ 47 072 66	$ 429 888 16
3	Ches.& Pot.Tel.Co.(N.Y.)	6 522 651 18	35 265 98	261 227 90
4	" " " " Balt.City	4 097 772 59	18 609 08	181 213 89
5	" " " " of Va.	3 474 723 96	16 103 31	123 798 62
6	" " " " W.Va.	3 934 365 58	17 930 89	181 740 44
7	Diamond State Tel.Co.	2 500 000 00	0	0
8	Indiana Bell Tel. Co.	4 175 049 72	17 260 26	205 910 26
9	Michigan Bell Tel. Co.	43 417 385 95	172 336 52	2150 962 64
10	Mountain States T&T Co.	18 200 000 00	88 959 50	885 936 34
11	New England Tel.&Tel.Co.	17 450 000 00	75 215 00	537 087 23
12	New Jersey Bell Tel.Co.	26 247 103 42	115 282 81	1070 675 72
13	New York Telephone Co.	52 800 000 00	218 395 00	1474 475 33
14	Northwestern Bell TelCo	6 500 000 00	24 500 00	172 447 35
15	Pacific Tel.& Tel.Co.	87 451 880 48	419 416 55	4004 570 22
16	Southern New EnglandT.Co.	9 400 000 00	41 756 16	343 128 49
17	Southwestern Bell T.Co.	2 150 000 00	62 393 36	377 764 88
18	Wisconsin Telephone Co.	3 475 000 00	20 098 16	66 525 64
19	Ohio Bell Tel. Co.	4 100 000 00	18 799 66	274 159 47
20	Bell Tel.Laboratories,Inc	1 800 000 00	9 914 66	93 333 39
21	205 Broadway Corp'n.	4 850 000 00	82 995 66	865 990 66
22	TOTAL	311 045 932 88	1888 528 21	13545 677 86

214. MISCELLANEOUS INVESTMENTS.

Give particulars of all investments of the respondent in property (tangible or intangible) other than that used in its telephone operations or in operations auxiliary to its telephone operations. This schedule should include all such direct investments as are includable in Account No. 111, "Miscellaneous Investments," in the Uniform System of Accounts for Telephone Companies. The description of the property in column (a) should give the location and other identification of it with a reasonable degree of particularity.

If any property of the character provided for in this schedule was disposed of during the year, give particulars in a footnote.

Line No.	Name and description of property held at the close of the year as an investment. (a)	Amount at which carried on respondent's books at close of year. (b)
1	None	
2	TOTAL	

(a) Includes interest on advances retired during the year by companies listed.

221. CASH AND SPECIAL DEPOSITS.

Give particulars of the various special deposits at the close of the year, the aggregate of which is included in the item "Cash and deposits," on the asset side of the Balance Sheet (p. 200). If any such deposits consisted wholly or partly of securities, give full particulars in a footnote showing class and subclass of each security, in accordance with the instructions on page 205, and stating a subtotal for each class and each subclass. Also state the balance in the "Cash" account at the close of the year.

Line No.	Name of depositary (a)	Purpose of deposit. (b)	Amount at close of year. (c)
31			
32			
33			
34			
35	None		
36			
37			
38			
39			
40		Total Special Deposits,	0
41	Cash on hand and in banks, available for general corporate purposes,		20 795 947 88
42		TOTAL CASH AND SPECIAL DEPOSITS.	20 795 947 88

213. LONG-TERM ADVANCES TO OTHER COMPANIES.

Give particulars of the various advances made by the respondent to other companies where such advances are of a permanent nature or where the respondent is to be reimbursed or repaid in securities of the debtor corporation to be permanently held. The particulars for each debtor corporation should be separately shown.

Line No.	Name of debtor company	Amount of Unpaid Advances (Including Interest) at Close of Year		Interest accrued and credited to income during the year
		Principal	Interest	
	(a)	(b)	(c)	(d)
	[illegible]	100 000 00		
	[illegible]	1 055 000 00	22323 35	22323 35
1	[illegible]	13200000000	53410[illegible]	46=5[illegible]
2	[illegible]	1800000000	67[illegible]	26[illegible]
3	[illegible]	3[illegible]	[illegible]	[illegible]
4	[illegible]	23825000000	107122[illegible]	79[illegible]
5	[illegible]	1445000000	7[illegible]	11[illegible]
6	[illegible]	5[illegible]	[illegible]	[illegible]
7	[illegible]	[illegible]	[illegible]	[illegible]
8	[illegible]	[illegible]	[illegible]	[illegible]
9	[illegible]	[illegible]	[illegible]	[illegible]
10	[illegible]	[illegible]	[illegible]	24[illegible]
11	[illegible]	[illegible]	[illegible]	[illegible]
12	[illegible]	15500000000	64[illegible]	[illegible]
13	[illegible]	3[illegible]	[illegible]	[illegible]
14	[illegible]	[illegible]	[illegible]	[illegible]
15	[illegible]	12000000000	[illegible]	[illegible]
16	[illegible]	[illegible]	[illegible]	[illegible]
17	[illegible]	[illegible]	[illegible]	[illegible]
18	[illegible]	[illegible]	[illegible]	[illegible]

[fol. 5115] EXHIBIT X-313

Sales of Important Telephone Plant Items of Western Electric Company Manufacture, Quantities Sold to Illinois Bell Telephone Company and to Total Bell System, 1924 to 1930, Inclusive

Item	Ill. Bell Tel. Co.	Total Bell System	% Ill. Bell to Total
Switchboards:			
Large Multiple Sections	1082	10221	10.6
Small Multiple Sections	859	16941	5.1
550 and 551 Types	4221*	36529*	11.6*
505 and 506 Types	3336*	31133*	10.7*
Panel Lines	100780	1327488	7.6
Step-by-Step Lines	39048	1620305	2.4
700 and 701 P. B. X. Lines	20674	200973	10.3
740 P. B. X's	24	354	6.8
750 P. B. X's	104	1687	6.2
Station Apparatus:			
Subsets, 534A, 584A, 534C, 584C, 534AC, 554AR, 554C, 534AR	643538	6631641	9.7
Hand Telephone Sets	164510	2197582	7.5
Coin Collectors, 50 Type	27851	344754	8.1
Dials, 2AA, 2AB, 2AE, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE	256933	4640387	5.5
Desk Stands, 20AL, 20CF, 40AL, 40CF, 50AL, 51AL	378861	4551826	8.3
Cable Terminals:			
8 and "C" Types and 14 Type	122919**	1596662**	7.7**
Loading Coils:			
Side & Phantom, Non-Phantom and Carrier	370119	6594854	5.6
Lead Covered Cable (Millions of Conductor Feet) Quadded and Loop	20647	250309	8.3

*1925 to 1930, inclusive, as figures for 1924 are not available.
**1927 to 1930, inclusive, as figures for 1924 to 1926 are not available.

(Here follows side folio 5116)

[fol. 5116]

EXHIBIT X-313

Sales of Important Telephone Plant Items of Western Electric Company Manufacture

Quantities Sold to Illinois Bell Telephone Company and to Total Bell System

Item	1924			1925			1926			1927			1928			1929			I
	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	
Switchboards:																			
Large Multiple Sections	157	2,402	6.5	207	1,556	13.3	45	1,064	4.2	166	1,325	12.5	363	802	45.3	52	1,475	3.5	
Small Multiple Sections	129	1,821	7.1	135	1,530	8.8	85	1,969	4.3	123	2,514	4.9	146	2,227	6.6	137	3,694	3.7	
550 and 551 Types	*	*	*	641	5,462	11.7	684	6,237	11.0	987	6,040	16.3	920	8,003	11.5	728	8,249	8.8	
505 and 506 Types	*	*	*	626	4,849	12.9	534	4,489	11.9	562	4,725	11.9	671	6,721	10.0	607	6,815	8.9	
Panel Lines	9,200	138,515	6.6	5,100	100,649	5.1	0	99,529	0	27,600	150,500	18.3	2,400	188,880	1.3	20,880	308,865	6.8	35,
Step-by-Step Lines	200	113,440	.2	4,325	139,402	3.1	0	196,320	0	7,402	174,187	4.2	8,650	271,510	3.2	9,760	335,939	2.9	8,
700 and 701 P. B. X. Lines	1,028	8,124	12.7	2,277	10,610	21.5	2,222	17,182	12.9	1,812	25,758	7.0	2,482	26,544	9.4	4,885	44,078	11.1	5,
740 P. B. X.'s	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0	38	0	2	161	1.2	
750 P. B. X.'s	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	30	3.3	
Station Apparatus:																			
Subsets, 534A, 584A, 534C, 534AC, 584C, 554AR, 554C, 534AR	96,630	905,724	10.7	93,212	1,078,810	8.6	102,176	976,640	10.5	87,068	867,600	10.0	87,006	1,028,009	8.5	115,255	1,174,888	9.8	62,
Hand Telephone Sets	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,345	101,004	10.2	41,033	485,020	8.5	51,839	637,518	8.1	61,
Coin Collectors, 50 Type	544	33,029	1.6	1,955	49,799	3.9	2,350	42,796	5.5	4,456	56,649	7.9	7,800	61,071	12.8	5,696	53,150	10.7	5,
Dials, 2AA, 2AB, 2AE, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE	8,536	332,728	2.6	18,693	563,741	3.3	12,343	474,919	2.6	22,109	506,437	4.4	53,633	883,239	6.1	77,993	1,019,087	7.7	63
Desk Stands, 20AL, 20CF, 40AL, 40GF, 50AL, 51AL	87,036	883,068	9.9	79,195	1,116,055	7.1	83,207	929,552	9.0	67,023	719,790	9.3	49,524	600,462	8.2	8,796	253,683	3.5	4,
Cable Terminals:																			
8 & "C" Types	.....	.....	.....	.....	.....	.....	.....	.....	.....	0	40,542	0	11,593	141,095	8.2	17,012	221,456	7.7	19,
14 Type	.....	.....	.....	.....	.....	.....	.....	.....	.....	17,956	174,593	10.3	5,873	129,428	4.5	145	67,135	.2	
Total	12,896	145,030	8.9	18,139	246,562	7.4	19,625	213,788	9.2	17,956	215,135	8.3	17,466	270,523	6.5	17,157	288,591	5.9	19,
Loading Coils:																			
Side & Phantom	3,831	105,959	3.6	13,089	187,370	7.0	15,328	340,000	4.5	9,642	455,379	2.1	12,817	742,299	1.7	8,797	1,391,640	.6	9,
Non-Phantom	7,639	100,000	7.6	46,393	110,000	42.2	30,475	154,462	19.7	55,000	245,671	22.4	64,100	276,752	28.2	41,931	384,672	10.9	51,
Carrier	.....	1,919	.....	.....	1,062	.....	.....	10,000	.....	0	16,424	0	166	23,788	.7	103	32,417	.3	
Total	11,470	207,878	5.5	59,482	298,432	19.9	45,803	504,462	9.1	64,642	717,474	9.0	77,083	1,042,839	7.4	50,831	1,808,729	2.8	60,
Lead Covered Cable (Mil. Cd. Ft.):																			
Quadded	82	1,856	4.4	295	2,547	11.6	236	4,035	5.8	233	4,472	5.2	257	6,691	3.8	228	11,620	2.0	
Loop	1,668	28,587	5.8	2,474	31,635	7.8	3,081	30,674	10.0	3,462	24,238	14.3	3,328	29,111	11.4	2,478	33,807	7.3	2.
Total	1,750	30,443	5.7	2,769	34,182	8.1	3,317	34,709	9.6	3,695	28,710	12.9	3,585	35,802	10.0	2,706	45,427	6.0	2

*—Figures not Available.
**—Total 1925 to 1930, Inclusive.
***—Total 1927 to 1930, Inclusive.

EXHIBIT X-313

Sales of Important Telephone Plant Items of Western Electric Company Manufacture

Quantities Sold to Illinois Bell Telephone Company and to Total Bell System

1924		1925			1926			1927			1928			1929			1930			Total		
Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total	Ill. Bell	Total Bell System	% Ill. Bell to Total
2,402	6.5	207	1,556	13.3	45	1,064	4.2	166	1,325	12.5	363	802	45.3	52	1,475	3.5	92	1,597	5.8	1,082	10,221	10.6
1,821	7.1	135	1,530	8.8	85	1,969	4.3	123	2,514	4.9	146	2,227	6.6	137	3,694	3.7	104	3,186	3.3	859	16,941	5.1
*	*	641	5,462	11.7	684	6,237	11.0	987	6,040	16.3	920	8,003	11.5	728	8,249	8.8	261	2,538	10.3	4,221	36,529	11.6**
*	*	626	4,849	12.9	534	4,489	11.9	562	4,725	11.9	671	6,721	10.0	607	6,815	8.9	336	3,534	9.5	3,336	31,133	10.7**
138,515	6.6	5,100	100,649	5.1	0	99,529	0	27,600	150,500	18.3	2,400	188,880	1.3	20,880	308,865	6.8	35,600	340,550	10.5	100,780	1,327,488	7.6
113,440	.2	4,325	139,402	3.1	0	196,320	0	7,402	174,187	4.2	8,650	271,510	3.2	9,760	335,939	2.9	8,711	389,507	2.2	390,048	1,620,305	2.4
8,124	12.7	2,277	10,610	21.5	2,222	17,182	12.9	1,812	25,758	7.0	2,482	26,544	9.4	4,885	44,078	11.1	5,968	68,677	8.7	20,674	200,973	10.3
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	0	38	0	2	161	1.2	22	155	14.2	24	354	6.8
.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	30	3.3	103	1,657	6.2	104	1,687	6.2
905,724	10.7	93,212	1,078,810	8.6	102,176	976,640	10.5	87,068	867,600	10.0	87,006	1,028,009	8.5	115,255	1,174,888	9.8	62,191	599,970	10.4	643,538	6,631,641	9.7
33,029	1.6	1,955	49,799	3.9	2,350	42,796	5.5	10,345	101,004	10.2	41,033	485,020	8.5	51,839	637,518	8.1	61,293	974,040	6.3	164,510	2,197,582	7.5
232,728	2.6	18,693	568,741	3.3	12,343	474,919	2.6	4,456	56,649	7.9	7,800	61,071	12.8	5,696	53,150	10.7	5,050	48,260	10.5	27,851	344,754	8.1
883,068	9.9	79,195	1,116,055	7.1	83,207	929,552	9.0	67,023	719,790	9.3	49,524	600,463	8.2	8,796	253,683	3.5	4,080	49,216	8.3	378,861	4,551,826	8.3
.....	.....	.....	.....	.....	.....	.....	.....	0	40,542	0	11,593	141,095	8.2	17,012	221,456	7.7	19,680	181,352	10.9	48,285	584,445	8.3***
.....	.....	.....	.....	.....	.....	.....	.....	17,956	174,593	10.3	5,873	129,428	4.5	145	67,135	.2	0	35,681	0	23,974	406,837	5.9***
45,030	8.9	18,139	246,562	7.4	19,625	213,788	9.2	17,956	215,135	8.3	17,466	270,523	6.5	17,157	288,591	5.9	19,680	217,033	9.1	122,919	1,596,662	7.7
05,959	3.6	13,089	187,370	7.0	15,328	310,000	4.5	9,642	455,379	2.1	12,817	742,299	1.7	8,797	1,391,640	.6	9,428	1,510,429	.6	72,932	4,733,076	1.5
00,000	7.6	46,393	110,000	42.2	30,475	154,462	19.7	55,000	245,671	22.4	64,100	276,752	23.2	41,931	384,672	10.9	51,312	453,654	11.3	296,850	1,725,211	17.2
1,919	.....	.....	1,062	.....	.....	10,000	.....	0	16,424	0	166	23,788	.7	103	32,417	.3	68	50,957	.1	337	136,567	.2
07,878	5.5	59,482	298,432	19.9	45,803	504,462	9.1	64,642	717,474	9.0	77,083	1,042,839	7.4	50,831	1,808,729	2.8	60,808	2,015,040	3.0	370,119	6,594,854	5.6
1,856	4.4	295	2,547	11.6	236	4,035	5.8	233	4,472	5.2	257	6,691	3.8	228	11,620	2.0	303	14,886	2.0	1,634	46,107	3.5
28,587	5.8	2,474	31,635	7.8	3,081	30,674	10.0	3,462	24,238	14.3	3,328	29,111	11.4	2,478	33,807	7.3	2,522	26,150	9.6	19,013	204,202	9.3
30,443	5.7	2,769	34,182	8.1	3,317	34,709	9.6	3,695	28,710	12.9	3,585	35,802	10.0	2,706	45,427	6.0	2,825	41,036	6.9	20,647	250,309	8.3

EXHIBIT X-313

Illinois Bell Telephone Company, Chicago Rate Case

Sales of Important Telephone Plant Items of Western Electric Company Manufacture

Per Cent Sales to Illinois Bell of Total Sales to Bell System for Various Periods

Item	1924 & 1925	1924 to 1926	1924 to 1927	1924 to 1928	1924 to 1929	1924 to 1930	1930 & 1929	1930 to 1928	1930 to 1927	1930 to 1926	1930 to 1925	1930 to 1924
Switchboards:												
1. Large Multiple Sections	9.2	8.1	9.1	13.1	11.5	10.6	4.7	13.1	12.9	11.5	11.8	10.6
2. Small Multiple Sections	7.9	6.6	6.0	6.1	5.5	5.1	3.5	4.2	4.4	4.4	4.8	5.1
3. 550 and 551 Types	11.7	11.3	13.0	12.6	11.6	11.6	9.2	10.2	11.7	11.5	11.6	11.6
4. 505 and 506 Types	12.9	12.4	12.2	11.5	10.9	10.7	9.1	9.5	10.0	10.3	10.7	10.7
5. Panel Lines	6.0	4.2	8.6	6.5	6.6	7.6	8.7	7.0	8.7	7.9	7.7	7.6
6. Step-by-Step Lines	1.8	1.0	1.9	2.3	2.5	2.4	2.5	2.7	2.9	2.5	2.6	2.4
7. 700 and 701 P. B. X. Lines	17.6	15.4	11.9	11.1	11.1	10.3	9.6	9.6	9.2	9.5	10.2	10.3
8. 740 P. B. X's	....	....	....	....	1.0	6.8	7.6	6.8	6.8	6.8	6.8	6.8
9. 750 P. B. X's	....	....	....	....	3.3	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Station Apparatus:												
10. Subsets, 534A, 584A, 534C, 584C, 554AR, 554C, 534AR	9.6	9.9	9.9	9.6	9.6	9.7	10.0	9.4	9.6	9.8	9.6	9.7
11. Hand Telephone Sets	....	....	10.2	8.8	8.4	7.5	7.0	7.4	7.5	7.5	7.5	7.5
12. Coin Collectors, 50 Type	3.0	3.9	5.1	7.0	7.7	8.1	10.6	11.4	10.5	9.7	8.8	8.1
13. Dials, 2AA, 2AB, 2AE, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE	3.0	2.9	3.3	4.2	5.1	5.5	7.5	7.1	6.6	6.1	5.8	5.5
14. Desk Stands, 20AL, 20CF, 40AL, 40CF, 50AL, 51AL	8.3	8.5	8.7	8.6	8.3	8.3	4.2	6.9	8.0	8.3	8.0	8.3
Cable Terminals:												
15. 8 and "C" Types	....	....	....	6.4	7.1	8.3	9.1	8.9	8.3	8.3	8.3	8.3
16. 14 Type	....	....	10.3	7.8	6.5	5.9	.1	2.6	5.9	5.9	5.9	5.9
Total	7.9	8.4	8.4	7.9	7.5	7.7	7.3	7.0	7.3	7.6	7.6	7.7
Loading Coils:												
17. Side and Phantom	5.8	5.1	3.8	3.0	2.0	1.5	.6	.9	1.0	1.3	1.5	1.5
18. Non-Phantom	25.7	23.2	22.9	23.0	19.3	17.2	11.1	14.1	15.6	16.0	17.8	17.2
19. Carrier	....	....	....	.3	.3	.2	.2	.3	.3	.3	.2	.2
Total	14.0	11.6	10.5	9.3	6.8	5.6	2.9	3.9	4.5	4.9	5.6	5.6
Lead Covered Cable (Mil. Cond. Ft.):												
20. Quadded	8.6	7.3	6.6	5.6	4.3	3.5	2.0	2.4	2.7	3.0	3.5	3.5
21. Loop	6.9	7.9	9.3	9.7	9.3	9.3	8.3	9.4	10.4	10.3	9.9	9.3
Total	7.0	7.9	9.0	9.2	8.5	8.3	6.4	7.5	8.5	8.7	8.6	8.3

[fol. 5118] EXHIBIT X-313A

Illinois Bell Telephone Company, Chicago Rate Case

Quantities Sold to Illinois Bell Telephone Company and to Total Bell System, 1924 to 1930

Graphs

The accompanying chart contains graphs illustrating the percent that sales to Illinois Bell Telephone Company were to total Bell System sales of each of seventeen principal items of Western Electric Company manufacture in each year 1924 to 1930 and during that entire period.

The seventeen items are listed at the right of the chart. They are designated in the scale across the bottom of the chart, each vertical line on the chart representing an item.

The graph across the top of the chart represents the percent that the total quantities sold to the Illinois Bell Telephone Company of each item during the period are to the total quantities of the same item sold to the Bell System during the period.

Each of the seven other graphs represents the percent that the sales of each item to the Illinois Bell Telephone Company during the year designated are to the total sales of that item to the Bell System during the same year.

The chart simply shows in graphical form the percentages for each item for each year shown on the second sheet of Exhibit X-313. For example, referring to the graph for the year 1924 at the bottom of the chart, the percent sales of large multiple sections, 6.5%, shown as the first item on the second sheet of Exhibit X-313, is item 1 in the lower graph of the chart, Exhibit X-313A. The second item on the second sheet of Exhibit X-313, small multiple sections, 7.1%, is the second item of the lower graph on the chart, Exhibit X-313A.

The third item of the second sheet of Exhibit X-313 is starred, the figures not being available. Point on the chart [fol. 5119] X-313A is, therefore, omitted. This is also true of the fourth item.

The fifth item of the second sheet of Exhibit X-313, panel lines, is 6.6%, and is the fifth item in the lower graph of Exhibit X-313A. The sixth item, step-by-step lines, on Exhibit X-313, is .2%, and is the sixth item on the chart. The

seventh item, 708 and 701 P. B. X. lines, is 12.7% on Exhibit X-313, and is item seven on the graph of X-313A. The eighth item, 740 P. B. X's, is zero on sheet X-313, and is so plotted on the graph on X-313A.

By following the vertical lines, each representing an item, one can readily visualize the wide variations from year to year of the percents relationship that sales to the Illinois Bell Telephone Company have been to sales to the Bell System.

By comparing the percent sales of one item with another in the same year or in the entire period 1924 to 1930 (which is the graph at the top of the chart), the wide variations of the percents will be noted.

The percents would have been the same during any year and during the period 1924 to 1930 for all items, if the sales to the Illinois Bell Telephone Company during those periods had been representative cross-sections of the sales to the Bell System.

(Here follows side folio 5120)

EXHIBIT X-313A

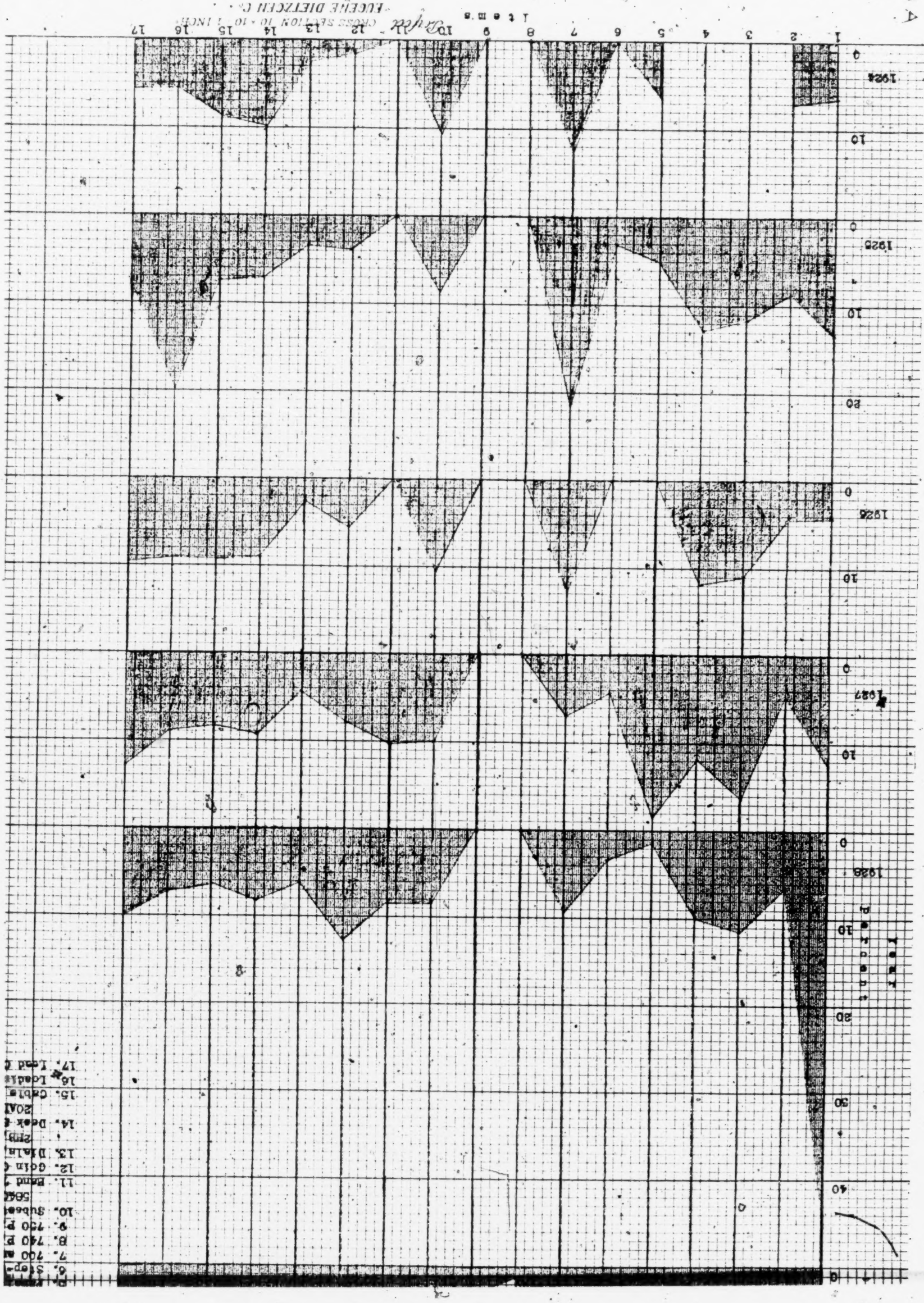


EXHIBIT X-313A

ILLINOIS BELL TELEPHONE COMPANY
CHICAGO RATE CASE

Cross Section of Sales by W. E. Co. to Illinois Bell
17 Important Items

Year Percent

1924 to 1930

1928

1927

1926

Percents (
to Sa

Items:
1. Large M
2. Small M
3. 550 and
4. 505 and
5. Panel I
6. Step-by
7. 700 and
8. 740 P.B
9. 750 P.B
10. Subsets
564C,
11. Hand Te
12. Coin Co
13. Dials,
2HB,2
14. Desk St
20AL,
15. Cable T
16. Loading
17. Lead Co

2. Small Multiple Sections
3. 550 and 551 Types
4. 505 and 506 Types
5. Panel Lines
6. Step-by-Step Lines
7. 700 and 701 P.B.X. Lines
8. 740 P.B.X.'s
9. 750 P.B.X.'s
10. Subsets, 534A, 584A, 534C, 534AC, 584C, 554AR, 554C, 53kAR
11. Hand Telephone Sets
12. Coin Collectors
13. Dials, 2AA, 2AB, 2AE, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE
14. Desk Stands, 20AL, 20CF, 20AL, 40CF, 50AL, 51AL
15. Cable Terminals
16. Loading Coils
17. Lead Covered Cable

Percents of Sales to Illinois Bell to Sales to Bell System 1924-1930

Items:

1. Large Multiple Sections
2. Small Multiple Sections
3. 550 and 551 Types
4. 505 and 506 Types
5. Panel Lines
6. Step-by-Step Lines
7. 700 and 701 P.B.X. Lines
8. 740 P.B.X.'s
9. 750 P.B.X.'s
10. Subsets, 534A, 564A, 534C, 534AD, 564C, 554AR, 554C, 534AR
11. Hand Telephone Sets
12. Coin Collectors
13. Dials, 2AA, 2AB, 2AL, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE
14. Desk Stands, 20AL, 20CF, 20AL, 40CF, 50AL, 51AL
15. Cable Terminals
16. Loading Coils
17. Lead Covered Cable

EXHIBIT X-314

Sales of Important Telephone Plant Items of Western Electric Company Manufacture

Per Cent Quantities Sold to Illinois Bell Telephone Company of Total Sales to Bell System

Per Cents Adjusted Proportionately to a Total of 100% for Each Period

Item	Illinois Bell Telephone Company							
	1924	1925	1926	1927	1928	1929	1930	1924 to 1930
Switchboards:								
Large Multiple Sections	8.3	9.8	4.2	8.5	29.2	3.3	4.4	8.0
Small Multiple Sections	9.1	6.5	4.3	3.3	4.3	3.5	2.5	3.9
550 and 551 Types	*	8.7	11.0	11.1	7.4	8.4	7.8	8.7
505 and 506 Types	*	9.6	12.0	8.1	6.4	8.5	7.2	8.1
Panel Lines	8.5	3.8	0	12.4	.8	6.5	7.9	5.8
Step-by-Step Lines	.3	2.3	0	2.9	2.1	2.8	1.6	1.8
700 and 701 P. B. X. Lines	16.3	16.0	13.0	4.8	6.0	10.6	6.6	7.8
740 P. B. X.'s	0	0	0	0	0	1.2	10.7	5.2
750 P. B. X.'s	0	0	0	0	0	3.2	4.7	4.7
Station Apparatus:								
Subsets, 534A, 584A, 534C, 534AC, 584C, 554AR, 554C, 534AR	13.7	6.4	10.5	6.8	5.5	9.4	7.8	7.4
Hand Telephone Sets	0	0	0	6.9	5.5	7.7	4.7	5.7
Coin Collectors, 50 Type	2.0	2.9	5.5	5.4	8.2	10.2	7.9	6.1
Dials, 2AA, 2AB, 2AE, 2HA, 2HB, 2HE, 4HA, 4HB, 4HE	3.3	2.4	2.6	3.0	3.9	7.4	5.6	4.2
Desk Stands, 20AL, 20CF, 40AL, 40CF, 50AL, 51AL	12.7	5.3	9.0	6.3	5.3	3.3	6.2	6.3
Cable Terminals:								
Total	11.4	5.5	9.2	5.6	4.2	5.6	6.9	5.8
Loading Coils:								
Total	7.1	14.8	9.1	6.1	4.8	2.7	2.3	4.2
Lead Covered Cable:								
Total	7.3	6.0	9.6	8.8	6.4	5.7	5.2	6.3

* Figures Not Available.

J. G. Wray & Co.

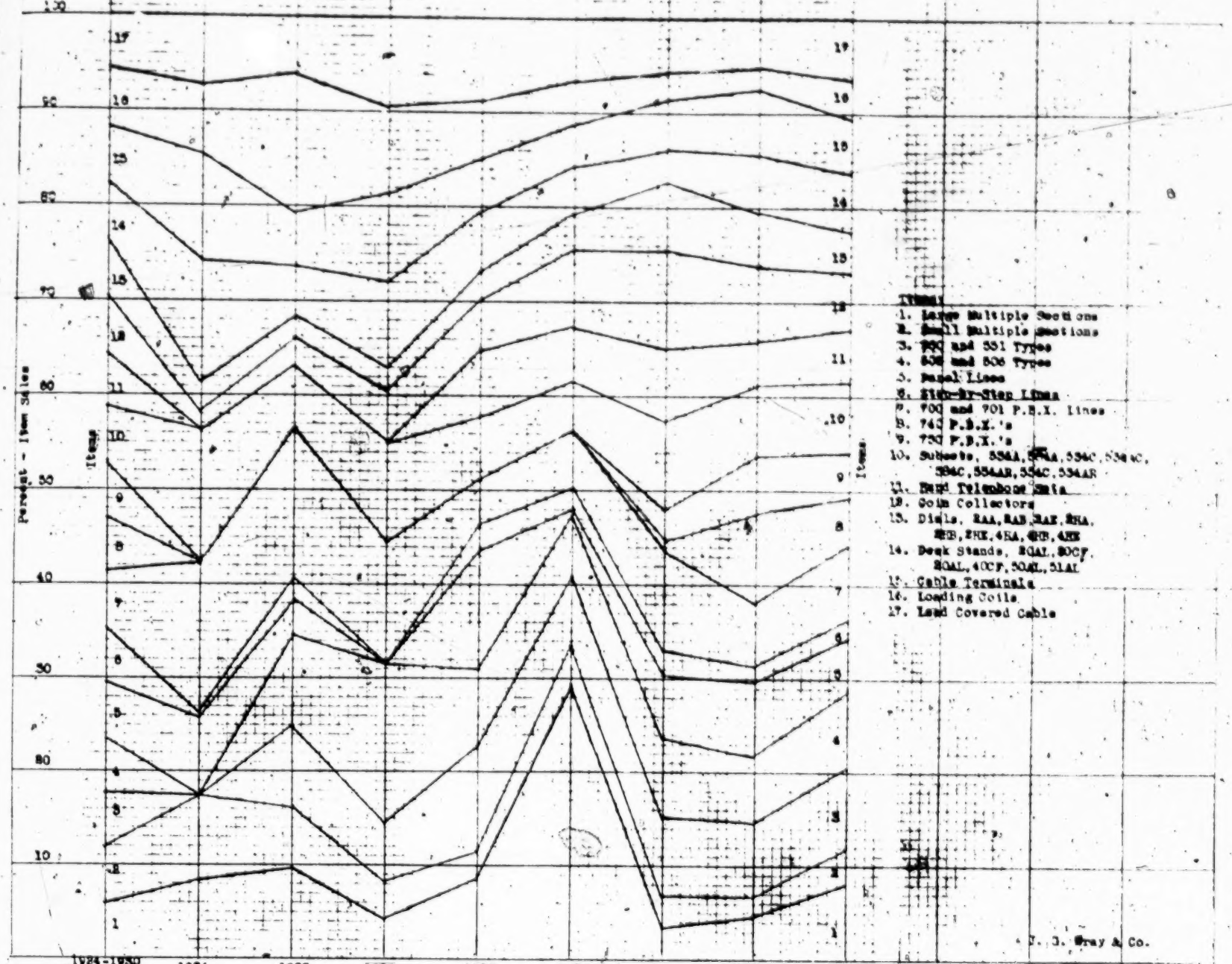
(Here follows side folio 5122)

EXHIBIT X-314

X-314
22

Cross Section of Sales by W.E. Co. to Illinois Bell
17 Major Equal Items

Percents of Items of Sales to Bell System and to Illinois Bell for Periods Indicated
Adjusted Proportionately to Aggregate 100% in Each Case



[fol. 5123]

EXHIBIT X-315

Illinois Bell Telephone Company

Chicago Telephone Rate Case

Western Electric Company Manufactures

Sales to all Bell Companies and to Illinois Bell Telephone Company, 1916-1930

(Dollars in Thousands)

Year	All Bell Companies	Illinois Bell Telephone Company	% Illinois Bell
1916	$39,793	$3,997	10.04
1917	59,835	5,856	9.79
1918	45,449	2,653	5.84
1919	42,707	3,400	7.96
1920	70,197	3,900	5.56
1921	100,696	9,127	9.06
1922	115,952	8,339	7.19
1923	132,118	7,478	5.66
1924	177,427	10,846	6.11
1925	166,885	14,798	8.87
1926	176,783	13,680	7.74
1927	170,914	16,964	9.93
1928	179,806	15,991	8.89
1929	242,084	16,034	6.62
1930	251,856	17,380	6.90
1931	162,702	4,829	2.97
Totals	$2,135,204	$155,272	7.27%

[fol. 5124]

EXHIBIT X-315-A

Illinois Bell Telephone Company

Chicago Telephone Rate Case

Western Electric Company Manufactures

Sales to Bell Customers and to Ohio Bell Telephone Company, 1922-1930

(Dollars in Thousands)

Year	Bell Customers	Ohio Bell	% Ohio
1922	$115,952	$2,474	2.13%
1923	132,118	4,016	3.04
1924	177,427	4,407	2.48
1925	166,885	6,815	4.08
1926	176,783	9,400	5.32
1927	170,914	5,997	3.51
1928	179,806	6,783	3.77
1929	242,084	11,645	4.81
1930	251,856	9,441	3.75
Totals	$1,613,825 (A)	$60,978 (A)	3.78%

(A) Includes sales of Equipment and Apparatus designed entirely or in part by the Western Electric Company, Inc., but manufactured by others.

[fol. 5125] EXHIBIT X-316

Illinois Bell Telephone Company

Chicago Telephone Rate Case

Western Electric Company Manufactures, 1922-1930

Sales to Illinois Bell and to Ohio Bell as Per Cent of Total Sales to Bell Customers

	Year	% Ill. Bell	% Ohio Bell	Per cent of average (line 10) Ill.	Ohio
1.	1922	7.19	2.13	95	56
2.	1923	5.66	3.04	75	80
3.	1924	6.11	2.48	81	66
4.	1925	8.87	4.08	118	108
5.	1926	7.74	5.32	103	141
6.	1927	9.93	3.51	132	93
7.	1928	8.89	3.77	118	100
8.	1929	6.62	4.81	88	127
9.	1930	6.90	3.75	92	99
10.	Average	7.53	3.78	100	100

(Here follows Exhibit X-317, side folios 5126-5136)

[fol. 5126]

EXHIBIT X-317

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1922 to 1932, Inclusive

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.
Switchboards:																
1. Manual Large Multiple Sections	4.7	1.8	19.9	9.6	3.5	6.1	5.3	.9	5.1	1.1	8.0	3.4	1.9	5.5	1.6	13.0
2. " Small " C. O. Sections	9.0	1.7	21.8	9.1	3.4	7.7	3.4	.3	6.4	.9	6.4	2.2	2.6	8.7	2.0	7.3
3. " Multiple P. B. X. Sections	5.2	.5	31.4	7.2	3.8	4.1	5.1	1.2	7.5	.2	10.4	2.6	1.7	5.9	1.1	12.1
4. " Non-Multiple P. B. X.	6.2	1.6	34.3	7.1	3.7	3.4	3.7	1.3	4.5	.7	10.9	1.9	1.7	6.9	2.0	10.1
5. Panel Mach. Switch.—No. of Lines	6.3	....	39.0	9.8	4.5	.3	3.4	1.7	8.1	.3	7.9	2.6	.6	7.9	....	7.6
6. " " " " — " " Frames	7.2	....	36.9	8.4	4.1	.3	2.9	1.5	8.2	....	11.4	2.6	.5	8.7	....	7.3
7. Step-by-Step—No. of Lines	5.3	7.8	9.6	7.4	4.4	11.1	8.6	....	5.3	1.5	2.9	.6	5.0	11.1	3.6	15.8
8. No. 700, 701, 740 and 750 Type P. B. X.—No. of New Exch	28.3	4.0	17.5	9.3	3.1	1.2	3.4	.6	3.0	1.0	7.5	2.2	.9	7.0	2.1	8.9
9. " 700, 701 and 720 " " — " " Sec	4.2	2.9	21.0	9.8	2.1	1.4	7.2	.6	7.9	.5	12.7	.7	.8	8.4	1.1	18.7
10. " " " " " Type P. B. X.—No. of Lines Equip. & Tr	6.1	4.7	20.8	11.6	3.8	1.3	6.7	.7	8.7	.7	10.5	1.5	.9	6.6	1.0	14.4
11. Toll Test, Morse Boards—Teleg. Test Bays	4.3	.6	1.9	2.6	1.8	1.9	2.5	.4	1.7	.3	2.9	4.6	1.8	10.5	.6	9.0
Repeaters and Carrier Current Equipment:																
12. Repeaters, Telephone	2.9	.3	2.1	.7	.9	1.0	.3	.01	2.2	.1	3.3	3.2	1.1	3.9	.6	8.0
13. " Telegraph	2.4	....	....	.4	.3	1.2	.2	....	1.3	.2	2.4	4.6	.4	5.7	.2	18.3
14. Carrier Telephone Systems	2.3	.1	1.3	.1	3.5	3.5	1.2	....	5.4	1.2	3.0	2.8	6.8	22.7	1.8	13.5
15. " Telegraph "	.9	....	....	....	....	....	....	....	....	....	13.0	.7	....	4.6	.3	11.8
Loading Coils:																
16. Loading Coils (All)	3.5	1.0	13.6	3.6	1.0	1.4	1.7	.4	3.2	.3	5.4	.9	.8	4.0	.4	9.7
17. Vacuum Tubes	3.3	....	2.6	.5	.3	.3	.2	....	.3	....	4.9	1.3	.5	1.7	4.0	14.7
18. Loading Coil Cases	2.6	1.0	8.3	3.3	2.1	2.7	1.2	.4	2.3	.2	3.8	2.7	3.5	5.3	1.7	9.4
Cable Terminals:																
19. Cable Terminals	10.4	2.0	15.9	10.4	4.9	7.3	5.3	1.8	5.5	2.1	8.2	1.3	3.8	10.5	2.0	8.6
Station Apparatus:																
20. Sub. Sets, Bell Boxes and Wall Type	5.9	1.9	23.4	8.8	3.3	8.0	4.8	2.0	5.4	1.1	7.1	1.7	2.6	8.8	2.6	12.5
21. Hand Sets	7.6	2.4	30.6	7.9	4.1	3.2	6.5	1.0	4.1	1.0	8.2	1.4	3.0	7.6	1.6	9.8
22. Desk Telephone Sets	6.9	2.0	21.6	9.6	3.3	10.2	4.9	2.1	6.0	1.4	7.1	2.0	2.5	9.1	2.7	8.6
23. Coin Collectors	7.9	1.1	18.2	7.5	3.9	4.7	3.9	3.2	4.0	1.0	21.7	1.9	1.3	9.0	2.7	8.0
24. Loose and Mounted Dials	5.3	3.3	16.4	12.4	7.2	4.8	7.6	1.1	5.5	2.6	5.9	2.6	.8	11.3	1.7	11.5
25. Wiring Plan Keys	16.5	1.6	16.7	3.7	2.7	10.5	6.3	.6	6.3	1.0	5.9	1.1	5.3	8.4	4.8	8.6
Lead Covered Cable (Expressed in Millions of Conductor Feet):																
26. No. 19 and smaller, paired	7.2	2.4	24.4	8.9	3.3	6.3	4.6	1.1	5.9	1.2	8.9	2.3	2.0	8.7	1.6	11.1
27. " " " " " in quadded cable	6.9	1.5	16.1	16.3	7.4	3.3	3.2	.5	5.6	1.7	6.0	7.2	13.5	6.6	.9	2.8
28. " " " quadded	2.4	.5	6.4	4.2	1.0	.7	.6	.1	2.4	.2	2.1	.4	.9	5.9	.1	8.0
29. " 16 " larger, quadded and paired	4.4	2.0	10.8	6.8	1.9	1.7	2.3	.4	4.1	.5	3.0	1.5	1.5	2.5	.8	10.6
30. Dist. Frame Wire (Thousand Cond. Ft.)	3.9	1.2	25.4	7.5	3.6	4.5	4.2	1.8	5.0	.7	11.8	1.4	1.9	10.0	2.4	14.3
31. Toll Aerial Cable—Linear Ft	5.0	2.2	7.7	10.1	3.9	1.7	1.4	.3	3.7	.2	2.7	1.8	1.1	2.2	.6	8.1
32. Submarine, Taped and Buried Cable	7.3	1.5	16.8	2.1	1.5	3.4	3.7	....	1.2	....	.2	.9	8.7	23.6	2.6	6.7

EXHIBIT X-317

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1922 to 1932, Inclusive

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.	A. T. & T. L. L.	Total
ltiple Sections	4.7	1.8	19.9	9.6	3.5	6.1	5.3	.9	5.1	1.1	8.0	3.4	1.9	5.5	1.6	13.0	8.6	100.00
" C. O. Sections	9.0	1.7	21.8	9.1	3.4	7.7	3.4	.3	6.4	.9	6.4	2.2	2.6	8.7	2.0	7.3	7.1	100.00
P. B. X. Sections	5.2	.5	31.4	7.2	3.8	4.1	5.1	1.2	7.5	.2	10.4	2.6	1.7	5.9	1.1	12.1	....	100.00
iple P. B. X.	6.2	1.6	34.3	7.1	3.7	3.4	3.7	1.3	4.5	.7	10.9	1.9	1.7	6.9	2.0	10.1	....	100.00
ch.—No. of Lines	6.3	....	39.0	9.8	4.5	.3	3.4	1.7	8.1	.3	7.9	2.6	.6	7.9	....	7.6	....	100.00
" " " Frames	7.2	....	36.9	8.4	4.1	.3	2.9	1.5	8.2	....	11.4	2.6	.5	8.7	....	7.3	....	100.00
. of Lines	5.3	7.8	9.6	7.4	4.4	11.1	8.6	....	5.3	1.5	2.9	.6	5.0	11.1	3.6	15.8	....	100.00
and 750 Type P. B. X.—No. of New Exch	28.3	4.0	17.5	9.3	3.1	1.2	3.4	.6	3.0	1.0	7.5	2.2	.9	7.0	2.1	8.9	....	100.00
720 " " " " Sec	4.2	2.9	21.0	9.8	2.1	1.4	7.2	.6	7.9	.5	12.7	.7	.8	8.4	1.1	18.7	....	100.00
Type P. B. X.—No. of Lines Equip. & Tr	6.1	4.7	20.8	11.6	3.8	1.3	6.7	.7	8.7	.7	10.5	1.5	.9	6.6	1.0	14.4	....	100.00
Boards—Teleg. Test Bays	4.3	.6	1.9	2.6	1.8	1.9	2.5	.4	1.7	.3	2.9	4.6	1.8	10.5	.6	9.0	52.6	100.00
Carrier Current Equipment:																		
one	2.9	.3	2.1	.7	.9	1.0	.3	.01	2.2	.1	3.3	3.2	1.1	3.9	.6	8.0	69.4	100.00
ph	2.4	....	....	.4	.3	1.2	.2	....	1.3	.2	2.4	4.6	.4	5.7	.2	18.3	62.4	100.00
Systems	2.3	.1	1.3	.1	3.5	3.5	1.2	....	5.4	1.2	3.0	2.8	6.8	22.7	1.8	13.5	30.8	100.00
"	.9	....	....	....	....	....	....	....	....	....	13.0	.7	....	4.6	.3	11.8	68.7	100.00
)	3.5	1.0	13.6	3.6	1.0	1.4	1.7	.4	3.2	.3	5.4	.9	.8	4.0	.4	9.7	49.1	100.00
	3.3	....	2.6	.5	.3	.3	.2	....	.3	....	4.9	1.3	.5	1.7	4.0	14.7	65.4	100.00
	2.6	1.0	8.3	3.3	2.1	2.7	1.2	.4	2.3	.2	3.8	2.7	3.5	5.3	1.7	9.4	49.5	100.00
s:																		
	10.4	2.0	15.9	10.4	4.9	7.3	5.3	1.8	5.5	2.1	8.2	1.3	3.8	10.5	2.0	8.6	.02	100.00
us:																		
es and Wall Type	5.9	1.9	23.4	8.9	3.3	8.0	4.8	2.0	5.4	1.1	7.1	1.7	2.6	8.8	2.6	12.5	....	100.00
	7.6	2.4	30.6	7.9	4.1	3.2	6.5	1.0	4.1	1.0	8.2	1.4	3.0	7.6	1.6	9.8	....	100.00
te	6.9	2.0	21.6	9.6	3.3	10.8	4.9	2.1	6.0	1.4	7.1	2.0	2.5	9.1	2.7	8.6	....	100.00
	7.9	1.1	18.2	7.5	3.9	4.7	3.9	3.2	4.0	1.0	21.7	1.9	1.3	9.0	2.7	8.0	....	100.00
d Dials	5.3	3.3	16.4	12.4	7.2	4.8	7.6	1.1	5.5	2.6	5.9	2.6	.8	11.3	1.7	11.5	....	100.00
	16.5	1.6	16.7	3.7	2.7	10.5	6.3	.6	6.3	1.0	5.9	1.1	5.3	8.4	4.8	8.6	....	100.00
able (Expressed in Millions of Conductor Feet):																		
, paired	7.2	2.1	24.4	8.9	3.3	6.3	4.6	1.1	5.9	1.2	8.9	2.3	2.0	8.7	1.6	11.1	.4	100.00
" in quadded cable	6.9	1.5	16.1	16.3	7.4	3.3	3.2	.5	5.6	1.7	6.0	7.2	13.5	6.6	.9	2.8	.5	100.00
quadded	2.4	.5	6.4	4.2	1.0	.7	.6	.1	2.4	.2	2.1	.4	.9	5.9	.1	8.0	64.1	100.00
quadded and paired	4.4	2.0	10.8	6.8	1.9	1.7	2.3	.4	4.1	.5	3.0	1.5	1.5	2.5	.8	10.6	45.2	100.00
Thousand Cond. Ft.)	3.9	1.2	25.4	7.5	3.6	4.5	4.2	1.8	5.0	.7	11.8	1.4	1.9	10.0	2.4	14.3	.4	100.00
Linear Ft.	5.0	2.2	7.7	10.1	3.9	1.7	1.4	.3	3.7	.2	2.7	1.8	1.1	2.2	.6	8.1	47.3	100.00
and Buried Cable	7.3	1.5	16.8	2.1	1.5	3.4	3.7	....	1.2	....	.2	.9	8.7	23.6	2.6	6.7	19.8	100.00

[fol. 5127]

Illinois Bell Telephone Company—Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1922 to 1924, Inclusive

	N.Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. &
Switchboards:																	
1. No. 1 Relay																	
Subs.	5.6	2.2	32.4	12.7	2.6	1.8	1.7	3.9	1.6	2.0	1.1	7.9	1.4	.8	2.6	1.6	11.
Trunk	8.1	1.3	43.5	10.8	1.8	.8	1.4	4.3	1.1	2.1	.9	8.3	1.5	.2	2.7	1.9	9.
Toll & 2 Pos. Serv. Obs.	1.8	1.8	14.2	19.7	1.5	.5	.3	11.7	....	4.2	1.8	6.7	4.0	.4	1.9	1.1	22.
2. No. 9 Relay																	
Subs.	1.5	.3	1.5	24.4	2.6	4.5	3.3	4.1	....	6.1	....	2.7	8.6	1.5	5.8	3.5	29.
Trunk	....	....	....	46.2	1.9	....	....	....	....	3.8	....	1.9	13.5	....	....	....	32.
Toll & 2 Pos. Serv. Obs.	....	....	....	17.1	.6	5.2	....	1.5	....	3.3	....	4.2	11.8	3.0	4.0	7.0	42.
3. No. 10 Relay																	
Subs.	12.5	6.7	38.5	6.2	4.6	2.3	1.9	1.1	....	2.1	....	2.1	2.5	....	2.5	.4	16.
Trunk	6.9	3.8	....	34.4	10.4	....	....	....	....	....	....	3.4	13.8	....	....	....	17.
Toll. & 2 Pos. Serv. Obs.	8.3	6.1	....	15.9	4.5	6.1	3.8	.8	....	....	....	.8	1.5	.8	9.8	....	41.
4. No. 1-D Relay																	
Subs.	14.4	....	22.6	19.3	9.8	1.7	2.7	1.2	....	4.0	1.3	7.1	2.5	.5	10.9	1.1	....
Trunk	9.5	....	9.5	37.95	22.4	....	3.45	1.7	....	2.6	4.3	1.7	....	....	3.45	3.45	....
Toll. & 2 Pos. Serv. Obs.	3.7	....	9.1	13.8	14.9	....	5.9	....	....	7.4	1.1	5.3	2.1	2.1	33.0	1.1	....
5. Other C. O. Boards																	
Subs.	6.2	1.4	.8	15.6	10.2	5.7	4.3	3.0	....	.5	....	4.0	.8	2.7	3.2	4.9	36.
Trunk	....	....	....	4.35	....	....	....	17.4	....	....	....	69.5	....	....	4.35	....	4.
Toll. & 2 Pos. Serv. Obs.	....	....	....	16.0	18.0	24.0	....	....	....	6.0	....	2.0	4.0	16.0	2.0	....	12.
6. No. 4640 Mult. P. B. X.																	
Subs.	1.8	3.7	....	4.1	7.4	....	....	19.8	....	14.8	.9	3.7	14.8	1.8	15.2	1.4	10.
Trunk	....	....	....	....	....	....	....	100.0	....	....	....	....	....	....	....	....	....
Toll & 2 Pos. Serv. Obs.	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
7. No. 604 Mult. P. B. X.																	
Subs.	2.7	....	13.4	9.2	13.6	1.6	2.2	8.1	....	6.0	....	13.6	1.6	4.4	3.8	....	20.
Trunk	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Toll & 2 Pos. Serv. Obs.	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
8. Other Mult. P. B. X.																	
Subs.	6.7	.4	21.9	12.2	1.0	.4	.8	5.7	....	1.9	....	8.0	....	.5	2.3	.4	37.
Trunk	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Toll & 2 Pos. Serv. Obs.	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....
9. No. 4 Toll Test Boards																	
Subs.	33.3	....	....	15.4	2.4	2.4	2.4	4.7	....	1.2	1.2	....	....	2.8	3.6	1.2	2.
Trunk	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Toll. & 2 Pos. Serv. Obs.	....	1.5	....	....	4.5	....	....	6.0	....	.5	....	5.0	13.6	....	7.6	2.0	17.

[fol. 5128]

10. No. 4 Morse Test Boards																	
Subs.	....	....	....	3.7	....	....	....	....	....	....	....	....	....	....	7.4	....	....
Trunk	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Toll. & 2 Pos. Serv. Obs.	....	....	....	....	....	....	....	2.85	....	....	....	14.3	5.7	....	2.85	2.85	11.
11. No. 700 Semi-Mechan. P. B. X. (No. of Lines)																	
Subs.	1.6	2.1	31.4	15.8	6.6	1.7	1.2	5.0	....	15.4	....	5.8	2.5	....	....	....	10.
Trunk	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Toll & 2 Pos. Serv. Obs.	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
No. 8 Relay Switchboard—Subs.	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....
No. 10 Multiple P. B. X.—Subs.	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Spec. Magneto C. O. Board	....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....
" C. B. "	....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....
No. 105-A "	....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....
C. O. Mag. Toll "	....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....
Other Mult. P. B. X. Order Table—Subs.	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00	....	....	....
Private Branch Exchange Switchboards and Substation Sets: P. B. X. Switchboards Non-Multiple Cord Boards																	
12. (a) 30 line—550 Boards	8.2	.3	24.7	10.3	2.9	1.9	1.4	2.3	4.4	4.8	1.1	10.2	1.3	1.6	4.5	1.0	10.

Illinois Bell Telephone Company—Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1922 to 1924, Inclusive

N.Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.	A. T. & T. L. L.	Total
5.6	2.2	32.4	12.7	2.6	1.8	1.7	3.9	1.6	2.0	1.1	7.9	1.4	.8	2.6	1.6	11.9	7.1	100.00
8.1	1.3	43.5	10.8	1.8	.8	1.4	4.3	1.1	2.1	.9	8.3	1.5	.2	2.7	1.9	9.3	....	100.00
1.8	1.8	14.2	19.7	1.5	.5	.3	11.7	....	4.2	1.8	6.7	4.0	.4	1.9	1.1	22.7	5.7	100.00
1.5	.3	1.5	24.4	2.6	4.5	3.3	4.1	....	6.1	....	2.7	8.6	1.5	3.8	3.5	29.6	....	100.00
....	....	....	46.2	1.9	....	....	....	....	3.8	....	1.9	13.5	....	....	....	32.7	....	100.00
....	....	....	17.1	.6	5.2	....	1.5	....	3.3	....	4.2	11.8	3.0	4.0	7.0	42.3	....	100.00
12.5	6.7	38.5	6.2	4.6	2.3	1.9	1.1	....	2.1	....	2.1	2.5	....	2.5	.4	16.8	....	100.00
6.9	13.8	....	34.4	10.4	....	....	....	....	....	....	3.4	13.8	....	....	....	17.3	....	100.00
8.3	6.1	....	15.9	4.5	6.1	3.8	.8	....	....	....	.8	1.5	.8	9.8	....	41.6	....	100.00
14.4	....	22.6	19.3	9.8	1.7	2.7	1.2	....	4.0	4.3	7.1	2.5	.5	10.9	1.1	.9	....	100.00
9.5	....	9.5	37.95	22.4	....	3.45	1.7	....	2.6	4.3	1.7	....	....	3.45	3.45	....	....	100.00
3.7	....	9.1	13.8	14.9	....	5.9	....	....	7.4	1.1	5.3	2.1	2.1	33.0	1.1	.5	....	100.00
6.2	1.4	.8	15.6	10.2	5.7	4.3	3.0	....	.5	....	4.0	.8	2.7	3.2	4.9	36.7	....	100.00
....	....	....	4.35	....	....	....	17.4	....	....	....	69.5	....	....	4.35	....	4.35	....	100.00
....	....	....	16.0	18.0	24.0	....	....	....	6.0	....	2.0	4.0	16.0	2.0	....	12.0	....	100.00
1.8	3.7	....	4.1	7.4	....	....	19.8	....	14.8	.9	3.7	14.8	1.8	15.2	1.4	10.6	....	100.00
....	....	....	....	....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	100.00
2.7	....	13.1	9.2	13.6	4.6	2.2	8.1	....	6.0	....	13.6	1.6	4.4	3.8	....	20.1	....	100.00
6.7	.4	21.9	12.2	1.0	.4	.8	5.7	....	1.9	....	8.0	....	.5	2.3	.4	37.8	....	100.00
....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
33.3	....	....	15.4	2.4	2.4	2.4	4.7	....	1.2	1.2	....	....	2.4	3.6	1.2	2.4	27.4	100.00
....	1.5	....	....	4.5	....	....	6.0	....	.5	....	5.0	13.6	....	7.6	2.0	17.6	41.7	100.00
7.4	....	....	3.7	....	....	....	....	....	....	....	....	....	....	7.4	....	....	81.5	100.00
....	....	....	....	....	....	....	2.85	....	....	....	14.3	5.7	....	2.85	2.85	11.4	60.0	100.00
1.6	2.1	31.4	15.8	6.6	1.7	1.2	5.0	....	15.4	....	5.8	2.5	....	....	....	10.9	....	100.00
100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	....	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
....	....	....	....	....	....	....	....	....	....	....	....	....	100.00	....	....	....	....	100.00

on Sets:

Private Branch Exchange Switchboards and Substation Sets:																
P. B. X. Switchboards																
Non-Multiple Cord Boards																
12. (a) 30 line—550 Boards	8.2	.3	24.7	10.3	2.9	1.9	1.4	2.3	4.4	4.8	1.1	10.2	1.3	1.6	4.5	1.0
13. (b) 80 line—550 Boards	7.1	.4	31.3	9.4	1.9	1.9	.9	6.0	4.8	2.5	.4	9.7	.9	1.5	5.4	1.5
14. (c) Sizes over 80 lines	5.5	.1	26.2	4.8	3.0	3.5	2.3	8.9	....	3.1	1.3	8.9	1.5	2.0	6.4	3.1
15. Cordless Boards	5.8	1.1	46.6	10.7	3.2	.4	.6	3.5	.2	3.6	.5	13.2	.9	1.4	3.5	1.0
Substation Sets																
Sub-Sets and Bell Boxes																
16. Mach. Switch	6.8	.4	28.1	7.0	1.0	2.0	....	1.5	....	2.4	2.1	1.9	....	2.3	6.2	1.0
17. Manual	10.8	2.0	21.3	12.5	4.0	3.2	3.7	2.9	4.4	3.6	.7	8.1	2.6	3.2	7.6	1.6
Desk Stands																
18. Mach. Switch	11.4	.8	29.2	14.2	.7	1.9	....	3.3	....	4.2	1.6	6.8	....	1.5	8.8	.4
19. Manual	12.4	2.0	33.3	10.6	4.5	2.9	3.7	3.3	4.9	3.2	1.1	8.0	2.8	3.2	6.4	1.9
20. No. 50 Coin Collectors	13.9	1.9	18.7	9.3	4.6	2.7	2.2	8.7	6.9	3.0	1.2	2.9	1.7	1.2	7.5	6.9
Lead Covered Cable Expressed in Millions of Conductor Feet:																
21. No. 16 and heavier	10.1	1.5	10.9	11.7	3.4	.9	.1	1.4	1.5	2.6	2.6	4.0	2.5	1.3	2.8	.2
22. No. 19	10.4	1.8	35.1	9.4	3.6	1.1	1.5	1.7	1.2	3.0	.4	4.4	1.2	.4	2.6	.4
23. No. 22	11.6	2.0	29.0	11.7	3.1	2.0	3.2	4.3	1.3	3.4	1.4	9.7	2.3	.3	4.5	.9
24. No. 24	6.0	2.1	25.5	13.9	3.6	2.5	2.2	2.8	.8	1.9	2.8	6.4	3.2	2.6	7.6	2.2
Miscellaneous Equipment:																
Cable Terminals																
25. Type B	14.9	2.3	9.6	8.9	6.4	2.9	1.9	3.7	14.7	3.0	1.4	6.7	4.0	2.0	3.4	1.0
26. No. 8	34.2	....	....	33.0	....	....	....	....	.1	....	....	.3	....	21.7	....	10.7
27. No. 14	3.3	2.6	18.1	13.8	8.2	4.2	3.7	9.4	.8	2.7	3.2	8.0	1.8	.2	7.8	.03
28. Dist. Frame Wire (Cond. Ft.)	5.3	1.4	32.4	5.4	2.8	2.4	.6	5.5	1.4	1.4	.6	13.0	1.2	2.2	7.0	3.5
Vacuum Tubes	3.3	....	2.6	.5	.3	.1	.2	.2	....	.3	....	4.9	1.3	.5	1.7	4.0
Telephone Repeater Sets	9.7	....	.7	.3	.8	.3	.5	.1	....	2.0	.1	2.2	3.4	1.3	.9	.5
Loading Coils	13.2	.9	20.0	5.0	1.7	.1	.1	.6	.2	2.4	1.1	5.1	1.1	.03	1.0	.1
Submarine Cable	5.0	7.4	14.4	....	2.5	10.5	9.9	....	....	1.0	....	....	5.0	.7	3.2	....
Toll Aer. Cable—Lin. Ft.	11.3	3.3	7.8	10.6	7.6	.1	....	1.6	....	3.0	....	1.4	4.0	1.4	1.7	.1

Exchange Switchboards and Substation Sets:																		
chboards													100.00					100.00
Cord Boards																		
oards																		
oards	8.2	.3	24.7	10.3	2.9	1.9	1.4	2.3	4.4	4.8	1.1	10.2	1.3	1.6	4.5	1.0	19.1	.... 100.00
ines	7.1	.4	31.3	9.4	1.9	1.9	.9	6.0	4.8	2.5	.3	9.7	.9	1.5	5.4	1.5	14.4	.... 100.00
..	5.5	.1	26.2	4.8	3.0	3.5	2.3	8.9	....	3.1	1.3	8.9	1.5	2.0	6.4	3.1	19.4	.... 100.00
ta	5.8	1.1	46.6	10.7	3.2	.4	.6	3.5	.2	3.6	.5	13.2	.9	1.4	3.5	1.0	3.8	.... 100.00
Bell Boxes																		
..																		
..	6.8	.4	28.1	7.0	1.0	2.0	....	1.5	....	2.4	2.1	1.9	....	2.3	6.2	1.0	37.3	.... 100.00
..	10.8	2.0	21.3	12.5	4.0	3.2	3.7	2.9	4.4	3.6	.7	8.1	2.6	3.2	7.6	1.6	7.8	.... 100.00
..	11.4	.8	29.2	14.2	.7	1.9	....	3.3	....	4.2	1.6	6.8	....	1.5	8.8	.4	15.2	.... 100.00
tors	12.4	2.0	23.3	10.6	4.5	2.9	3.7	3.3	4.9	3.2	1.1	8.0	2.8	3.2	6.4	1.9	5.8	.... 100.00
able Expressed in Millions of Conductor Feet:	13.9	1.9	18.7	9.3	4.6	2.7	2.2	8.7	6.9	3.0	1.2	2.9	1.7	1.2	7.5	6.9	6.7	.... 100.00
..																		
..	10.1	1.5	10.9	11.7	3.4	.9	.1	1.1	1.5	2.6	2.6	4.0	2.5	1.3	2.8	.2	7.0	35.8 100.00
..	10.4	1.8	35.1	9.4	3.6	1.1	1.5	1.7	1.2	3.0	.4	4.4	1.2	.4	2.6	.4	11.2	10.6 100.00
..	11.6	2.0	29.0	11.7	3.1	2.0	3.2	4.3	1.3	3.4	1.4	9.7	2.3	.3	4.5	.9	9.3	.02 100.00
uipment:	6.0	2.1	25.5	13.9	3.6	2.5	2.2	2.8	.8	1.9	2.8	6.4	3.2	2.6	7.6	2.2	13.9	.006 100.00
ds																		
..	14.9	2.3	9.6	8.9	6.4	2.9	1.9	3.7	14.7	3.0	1.4	6.7	4.0	2.0	3.4	1.0	13.2	.06 100.00
..	34.2	....	....	33.0	....	....	....	....	.1	....	....	.3	....	21.7	....	10.7	....	.004 100.00
Cond. Ft.)	3.3	2.6	18.1	13.8	8.2	4.2	3.7	9.4	.8	2.7	3.2	8.0	1.8	.2	7.8	.03	12.2	.0003 100.00
Sets	5.3	1.4	32.4	5.4	2.8	2.4	.6	5.5	1.4	1.4	.6	13.0	1.2	2.2	7.0	3.5	13.5	.4 100.00
..	3.3	....	2.6	.5	.3	.1	.2	.2	....	.3	....	4.9	1.3	.5	1.7	4.0	14.7	65.4 100.00
..	9.7	....	.7	.3	.8	.3	.5	.1	....	2.0	.1	2.2	3.4	1.3	.9	.5	3.6	73.6 100.00
..	13.2	.9	20.0	5.0	1.7	1	.1	.6	.2	2.4	1.1	5.1	1.1	.03	1.0	.1	9.7	37.7 100.00
n. Ft.	5.0	7.4	14.4	....	2.5	10.5	9.9	....	....	1.0	....	....	5.0	.7	3.2	....	39.6	.8 100.00
	11.3	3.3	7.8	10.6	7.6	.1	....	1.6	....	3.0	....	1.4	4.0	1.4	1.7	.1	12.9	33.2 100.00

[fol. 5129]

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Year 1925

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W. B. T.	S. W. B. T.
Switchboards:															
1. Man., Lge. Mult. Jobs requir. Sections	5.03	1.51	18.34	4.52	6.03	3.27	3.52	5.03	1.51	4.02	1.0	10.80	2.76	4.77	6.53
2. " " " Sections	3.1	1.3	22.7	4.5	5.1	1.7	1.9	7.6	2.2	6.4	.5	15.3	3.6	3.3	2.8
3. " Sma. " Jobs requir. Sections	8.7	3.3	9.5	12.8	5.6	4.4	4.4	7.4	.3	9.8	.5	8.5	2.8	2.3	4.1
4. " " " Sections (Incl. No. 700 & 720)	10.2	1.8	15.4	9.2	5.4	4.9	5.9	3.6	.1	8.8	.2	7.4	3.9	1.7	5.4
5. " Non-Mult. Sections	12.39	1.49	29.60	11.23	3.53	1.66	.94	5.40	....	5.56	1.13	8.74	.78	1.57	4.58
6. Panel Mach. Switch.—No. of new offices	25.1	....	8.3	33.4	8.3	....	....	....	....	8.3	....	....	....	....	8.3
7. " " " —(New off.) No. of lines	25.50	....	5.63	38.10	5.63	....	....	....	....	7.0	....	....	....	....	9.0
8. " " " —(" ") " " frames	33.9	....	2.8	35.9	5.0	....	....	....	....	5.9	....	....	....	....	9.3
9. " " " —No. of additions	....	....	70.4	14.8	....	....	....	....	....	3.7	....	....	....	....	....
10. " " " —(Add.) No. of lines	....	....	57.1	....	....	....	....	....	....	....	....	....	....	....	....
11. " " " —(Add.) No. of frames	....	....	59.4	1.7	....	....	....	....	....	2.9	....	....	....	....	....
12. Step-by-Step M.S. Jobs—C. O.'s and Add.	....	2.2	8.7	4.3	2.2	....	....	6.5	....	8.7	....	2.2	....	8.7	6.5
13. " " " Lines—New C. O.'s and Add.	....	1.9	7.2	5.2	7.0	....	....	14.9	....	6.1	....	2	....	2.7	3.1
14. Semi-Mech. P. B. X. Jobs	14.3	11.4	4.3	8.6	1.4	....	1.4	12.9	....	8.6	....	14.3	....	....	7.1
15. " " Sec. (No. 700 & 720) incl. in Line 4	11.8	1.3	11.9	2.6	2.0	....	.7	11.9	....	9.2	....	27.6	....	....	5.9
16. " " Lines (Equipped)	17.3	1.8	11.9	3.6	1.9	....	.8	10.9	....	11.6	....	23.0	....	....	6.4
Repeaters and Carrier Current Equipment:															
17. Telephone Repeaters, No. 21 Type	....	....	25.0	....	....	....	....	....	....	....	....	....	20.8	....	....
18. " " " 22 "	1.8	....	5.6	.8	.9	1.0	.8	....	....	4.5	.7	3.2	2.4	2.0	5.4
19. " " " 44 "	....	....	10.9	....	....	....	....	....	....	....	....	1.7	....	....	....
20. Carrier Telephone Systems	....	....	....	....	....	....	....	....	....	....	....	....	....	....	17.0
21. " Telegraph Systems	....	....	....	....	....	....	....	....	....	....	....	....	....	....	12.2
22. " Repeaters, all types	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
23. " Repeater Stations (new)	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Lead Covered Cable (Expressed in Millions of Conductor Feet):															
24. No. 16 and heavier	6.3	3.2	4.5	18.7	3.4	1.4	.4	2.6	.2	2.2	.2	3.1	2.9	1.4	1.9
25. " 19 quadded	7.8	2.1	2.0	15.1	2.5	....	....	....	....	4.7	....	.2	.6	.3	....
26. " 19 non-quadded	7.7	5.2	28.4	5.7	4.2	2.2	4.2	2.0	2.1	4.6	.4	8.1	.15	.4	4.0
27. " 22	9.2	1.9	24.8	10.2	4.4	4.1	3.6	3.4	2.0	4.0	.7	8.5	2.5	.5	4.0
28. " 24	8.0	2.1	22.3	9.7	3.2	2.0	3.6	4.06	.6	3.2	.8	8.8	2.3	2.6	8.0
29. Total	8.3	2.4	22.3	9.9	3.6	2.5	3.5	3.4	1.1	3.6	.7	8.1	2.2	1.1	5.9
30. Submarine Cable	3.4	.8	73.3	....	.4	2.7	2.7	....	....	1.3	....	....	2.0	1.3	....
31. Toll Aerial Cable—Linear Feet	5.8	3.9	4.5	15.6	7.6	.2	.2	1.2	....	3.3	.02	1.6	3.9	2.3	2.2

[fol. 5130]

Loading Coils:															
32. Toll Cable Loading Coils	4.7	.7	6.8	1.3	.6	....	....	....	.3	5.9	....	2.4	.1	....	.1
33. Toll Entrance Cable Loading Coils	.6	....	5.9	1.0	13.2	....	.8	8.2	4.5	....	....	2.0	14.7	6.5	.7
34. Local Cable Loading Coils	9.4	....	39.9	5.1	4.3	2.8	....	.5	....	1.7	.9	26.5	....	....	1.1
35. Open Wire Loading Coils	....	....	....	....	3.3	32.0	39.2	....	....	....	....	....	....	.4	6.1
36. Cable Coil Cases	5.7	1.5	13.3	2.1	3.6	1.3	.2	.6	.8	3.4	.6	7.4	1.6	.5	.9
Cable Terminals:															
37. "B" Type	17.7	2.6	13.0	9.2	5.7	3.2	2.6	2.8	4.1	3.9	.7	12.0	3.2	2.4	3.9
38. All other Types	10.2	1.4	16.8	12.5	4.7	3.2	3.5	6.2	2.9	2.3	1.4	10.9	1.4	3.1	7.5
Station and Miscellaneous Equipment:															
39. Bell Boxes	8.7	2.7	21.7	9.8	3.8	3.0	4.2	5.5	2.1	7.8	1.2	7.3	1.3	2.4	6.4
40. Wall Type Subsets, Manual and Mech. Switch	4.5	.2	11.7	5.9	2.1	4.8	7.7	.5	1.0	6.6	.2	3.0	4.3	2.2	6.4
41. Desk Stands, Manual	6.1	3.9	15.5	3.7	3.2	5.2	8.0	6.9	2.6	6.8	1.1	10.1	4.3	3.0	7.5
42. " " Machine Switching	9.0	.5	26.5	14.9	3.8	1.3	3.8	7.0	....	11.7	1.4	5.1	....	.8	4.1
43. Coin Collectors, No. 50 Type	13.4	.8	22.3	12.1	6.0	4.7	3.1	5.6	6.4	3.0	.8	3.9	1.0	1.5	3.6
44. " " " 27 "	11.5	....	....	3.4	....	....	.5	....	2.7	1.8	....	57.9	.9	....	4.6
45. Distributing Frame Wire (Thousand Cond. Ft.)	3.8	1.1	29.2	9.2	5.0	1.7	.7	4.3	2.5	3.5	.6	10.2	1.0	1.5	7.3
46. Coin Collectors, No. 23 Type	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....

* Included in Pac. T. & T.

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Year 1925

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W. B. T.	S. W. B. T.	Dallas T. Co.	K. C. T.	Mtn. S. T. & T.	Pac. T. & T.	Home T. & T. of Pas.	So. Cal. T. Co.	A. T. & T. L. L.	Total
	5.03	1.51	18.34	4.52	6.03	3.27	3.52	5.03	1.51	7.02	1.0	10.80	2.76	4.77	6.53		.5	1.76	13.32		.5	5.78	100.00
	3.1	1.3	22.7	4.5	5.1	1.7	1.9	7.6	2.2	6.4	.5	15.3	3.6	3.3	2.8		.2	.9	13.9		.5	3.2	100.00
	8.7	3.3	9.5	12.8	5.6	4.4	4.4	7.4	.3	9.8	.5	8.5	2.8	2.3	4.1	.5		3.3	11.8		.3		100.00
	10.2	1.8	15.4	9.2	5.4	4.9	5.9	3.6	.1	8.8	.2	7.4	3.9	1.7	5.4	.4		2.1	13.6		4.4		100.00
	12.39	1.49	29.60	11.23	3.53	1.66	.94	5.40		5.56	1.13	8.74	.78	1.57	4.58	.70	.12	1.42	9.16	.15	5.59		100.00
	25.1		8.3	33.4	8.3					8.3					8.3		8.3						100.00
	25.50		5.63	38.10	5.63					7.0					9.0		9.14						100.00
	33.9		2.8	35.9	5.0					5.9					9.3		7.2						100.00
			70.4	14.8						3.7							3.7		7.4				100.00
			57.1														10.8		32.1				100.00
			59.4	1.7						2.9							12.4		23.6				100.00
		2.2	8.7	4.3	2.2			6.5		8.7		2.2		8.7	6.5	6.5		4.3	39.2		32.6		100.00
		1.9	7.2	5.2	7.0			14.9		6.1		.2		2.7	3.1	3.3		.3	48.1		44.9		100.00
	14.3	11.4	4.3	8.6	1.4		1.4	12.9		8.6		14.3			7.1				15.7				100.00
	11.8	1.3	11.9	2.6	2.0		.7	11.9		9.2		27.6			5.9				15.1				100.00
	17.3	1.8	11.9	3.6	1.9		.8	10.9		11.6		23.0			6.4				10.8				100.00
			25.0										20.8									54.2	100.00
	1.8		5.6	.8	.9	1.0	.8			4.5	.7	3.2	2.4	2.0	5.4			1.2	11.5			58.2	100.00
			10.9									1.7										87.4	100.00
															17.0							83.0	100.00
															12.2							87.8	100.00
																			4.8			95.2	100.00
																			9.1			90.9	100.00
tor Feet):																							
	6.3	3.2	4.5	18.7	3.4	1.4	.4	2.6	.2	2.2	.2	3.1	2.9	1.4	1.9			.7	13.2		3.0	33.7	100.00
	7.8	2.1	2.0	15.1	2.5					4.7		.2	.6	.3					5.0			59.7	100.00
	7.7	5.2	28.4	5.7	4.2	2.2	4.2	2.0	2.1	4.6	.4	8.1	.15	.4	4.0	.01	2.4	.9	13.8	2.6	5.5	2.2	100.00
	9.2	1.9	24.8	10.2	4.4	4.1	3.6	3.4	2.0	4.0	.7	8.5	2.5	.5	4.0	.2	1.7	.3	12.9	1.1	5.5	.1	100.00
	8.0	2.1	22.3	9.7	3.2	2.0	3.6	4.06	.6	3.2	.8	8.8	2.3	2.6	8.0	.6	1.0	1.2	16.0	.8	6.3		100.00
	8.3	2.4	22.3	9.9	3.6	2.5	3.5	3.4	1.1	3.6	.7	8.1	2.2	1.1	5.9	.4	1.3	1.1	14.3	1.0	5.6	3.8	100.00
	3.4	.8	73.3		.4	2.7	2.7			1.3			2.0	1.3					12.1				100.00
	5.8	3.9	4.5	15.6	7.6	.2	.2	1.2		3.3	.02	1.6	3.9	2.3	2.2			.3	8.3			39.1	100.00
	4.7	.7	6.8	1.3	.6				.3	5.9		2.4	.1		.1				8.3			63.8	100.00
	.6		5.9	1.0	13.2		.8	8.2	4.5			2.0	14.7	6.5	.7				10.9			31.0	100.00
	9.4		39.9	5.1	4.3	2.8		.5		1.7	.9	26.5			1.1		4.1	.7	3.0		1.9		100.00
					3.3	32.0	39.2							.4	6.1							19.0	100.00
	5.7	1.5	13.3	2.1	3.6	1.3	.2	.6	.8	3.4	.6	7.4	1.6	.5	.9		1.4	.3	6.4		1.9	48.4	100.00
	17.7	2.6	13.0	9.2	5.7	3.2	2.6	2.8	4.1	3.9	.7	12.0	3.2	2.4	3.9	.3		1.6	11.0	.7	4.7	.1	100.00
	10.2	1.4	16.8	12.5	4.7	3.2	3.5	6.2	2.9	2.3	1.4	10.9	1.4	3.1	7.5	.5	.9	1.7	8.9	.7	2.8		100.00
	8.7	2.7	21.7	9.8	3.8	3.0	4.2	5.5	2.1	7.8	1.2	7.3	1.3	2.4	6.4	.6	1.0	1.3	9.2	.3	3.0		100.00
	4.5	.2	11.7	5.9	2.1	4.8	7.7	.5	1.0	6.6	.2	3.0	4.3	2.2	6.4	.5		4.1	34.3	.7	13.4		100.00
	6.1	3.9	15.5	3.7	3.2	5.2	8.0	6.9	2.6	6.8	1.1	10.1	4.3	3.0	7.5			1.7	10.4	.5	.8		100.00
	9.0	.5	26.5	14.9	3.8	1.3	3.8	7.0		11.7	1.4	5.1		.8	4.1	1.0	2.0	.5	6.6		4.7		100.00
	13.4	.8	22.3	12.1	6.0	4.7	3.1	5.6	6.4	3.0	.8	3.9	1.0	1.5	3.6	.1	.6	1.3	9.8	.3	8.1		100.00
	11.5			3.4			.5		2.7	1.8		57.9	.9		4.6		1.4		15.3				100.00
	3.8	1.1	29.2	9.2	5.0	1.7	.7	4.3	2.5	3.5	.6	10.2	1.0	1.5	7.3	.8	1.2	2.4	13.9	.9	4.9	.1	100.00
																			100.00	100.00			100.00

J. G. Wray & Co.

Per Cent to Each Company of Total Bell System Requirements

Period 1926 to 1928, Inclusive

Switchboards	N.Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	P. & T.	
1. Man. Lge. Mult. Jobs req. Sec., W. E. Eng'd	3.7	2.8	18.8	7.2	4.2	11.9	2.8	3.6	1.8	4.8	.9	11.5	2.7	2.4	6.7	2.4	6.	1.
2. " " " Sec. (excl. M. S. A.)	1.4	2.8	13.3	4.5	2.3	9.9	2.8	6.4	1.1	7.4	1.3	11.8	2.1	1.5	6.3	2.1	7.	2.
3. " Sma. " C.O. Jobs req. Sect., W. E. Eng'd	6.3	2.4	12.7	12.7	3.2	16.3	1.4	1.2	.5	6.4	.6	4.8	4.5	2.2	7.9	2.3	2.	3.
4. " " " " Sec. (excl. M. S. A.)	4.3	3.3	14.8	4.7	1.8	15.2	1.2	1.2	.1	9.0	1.1	4.7	3.8	2.3	9.2	3.0	3.	4.
5. " " Mult. P. B. X. Sec. (excl. No. 700)	4.4	.2	29.5	6.3	3.2	4.8	1.0	4.0	2.1	11.4	.4	15.6	2.2	2.0	5.6	1.8	5.	5.
6. " Non-Mult. Sec., No. 505 Type	7.7	1.8	30.7	9.9	4.3	1.6	.2	4.4	.1	6.2	.6	13.1	2.3	1.1	6.1	1.4	8.	6.
7. " " " " " 550 "	7.6	1.2	31.8	4.8	3.2	4.4	.9	2.7	.4	6.8	.5	13.5	1.0	1.2	10.6	2.1	7.	7.
8. " " " " Total all Types (excl. No. 700)																		
9. Panel Mach. Switch. —No. of new offices	10.7		28.6	8.9	7.2			1.8		8.9		10.7			12.5		10.	
10. " " " (New off.) No. of Lines, Total	7.1		31.2	8.6	6.9			1.7		9.5		11.5			12.9		10.	
11. " " " (" ") " " Frames	7.9		25.7	6.1	7.1			1.3		9.1		16.1			15.3		11.	
12. " " " No. of Add. req. Frames, W. E. Eng'd	2.6		62.3	10.4	1.3			1.3		3.9		3.9			5.2		9.	
13. " " " (Add.) No. of Lines (Incl. in Line 10)																		
14. " " " " " " Frames (" " " 11)																		
15. Step-by-Step, MS. —No. of New Offices	2.1	3.2	13.8	3.2		12.7	3.2	3.2		5.3	2.1	3.2		7.5	8.5	7.5	24.	
16. " " " " (New off.) No. of Lines	2.2	4.9	10.6	7.7	.4	14.2	3.8	3.4		8.0	1.3	3.9	1.0	7.7	12.9	4.5	13.	
17. " " " " No. of Add. req. Frames, W. E. Eng'd		1.0	12.6	5.8	3.9	12.6		9.7		10.7		1.9		3.9	17.5	5.8	14.	
18. " " " " (Add.) No. of Lines (Incl. in Line 16)																		
19. No. 700 P.B.X.—No. of Jobs	8.3	3.0	3.7	9.6	.2	1.8	.5	7.4	.9	14.9	.2	8.7	.2	.2	18.1	.5	21.	
20. " 700 " No. of Sections	6.7	1.6	6.6	9.5	.1	1.7	.2	6.6	.8	11.7		16.2	.1	.1	14.0	.8	23.	
21. " 700 " No. of Lines Equipped	8.1	2.5	7.1	10.0	.1	1.8	.2	7.1	.6	13.8	.3	4.9	.1	.2	13.0	1.5	18.	
22. Key Indicator, Sender and Link Frames			9.4			.6		21.0		42.5				.2	22.0		4.	
23. Call " Trunk Units	3.9	.5	10.5	1.7	.9	6.6	3.4	19.1		10.6	.1	9.4		2.3	9.1	4.0	17.	
24. Straight Forward Trunk., No. of Pos. to be Convt'd	4.7		35.9	9.1	6.0	.1		5.0	6.1	4.4	.9	2.4	2.3		3.6	.6	8.	
Repeaters and Carrier Current Equipment																		
25. Telephone Repeaters, No. 21, 22 and 44 Types	1.3	.1	.3	.3	.7	2.3	.1	.2		2.8	.02	4.3	1.9	1.4	2.2	.7	2.	
26. Telegraph Repeaters, Metallic	3.7					.1				4.6		7.1	5.3					
27. " " Grounded Duplex	7.1				1.7	3.1							3.6	2.0	9.4		1.	
28. Carrier Tel. Systems, Type "C"						4.1		3.6		3.6		4.5	4.5	.9	25.4	1.4	24.	
29. " " " " "D"	4.4		1.3	.4	4.4	4.9	.9	4.4		7.5		1.8	3.3	8.0	27.4	.4	18.	
30. " Teleg. " " "B"												19.4			1.2		10.	
31. " " " "Voice Frequency"																		
Lead Covered Cable (Expressed in Millions of Conductor Feet)																		
32. No. 10 and heavier, quadded	2.7	1.6	6.6	6.2	2.4	3.7	.1	2.0	.3	4.2	.3	3.7	2.0	1.4	3.2	.5	8.	
33. " " " " Non-quadded	1.6		15.7				1.3	.8		4.6		11.0	.4				7.	
34. " 19, quadded	1.9	.8	6.4	7.3	2.1	1.0		.6	.1	4.5	.1	4.4	.7	1.2	1.0	.01	5.	
35. " " non-quadded	6.1	3.6	34.7	4.5	3.4	5.9	1.2	2.4	1.2	12.9	.2	6.9	.9	1.0	6.2	1.1	7.	
36. " 22,	6.2	1.4	22.7	7.9	3.3	6.2	1.1	5.2	1.1	9.5	.9	13.3	1.4	.9	8.1	1.6	9.	
37. " 24	8.1	2.1	17.5	7.7	3.7	5.4	1.5	4.3	1.3	7.5	1.0	11.9	1.8	3.1	12.4	1.7	9.	
38. Total																		
39. Toll Aerial Cable—Lin. Ft	3.2	2.2	8.4	9.5	4.2	3.2	.1	1.6	.7	4.3	.2	4.2	2.8	.9	3.0	.6	4.	

[fol. 5132]

Loading Coils																		
40. Toll Cable & Toll Entran. Cable Loading Coils	1.6	.9	8.5	2.8	.9	.8	.001	.8	.2	3.9	.1	2.5	1.8	.7	.9	.1	5.	
41. Local Cable Loading Coils	3.6	1.1	26.3	9.5	3.2	2.3		3.9	.4	6.7	.01	23.8	.7	.1	5.3	1.1	11.	
42. Cable Coil Cases—Toll	2.1	1.2	9.0	4.2	2.9	1.6	.1	1.0	.4	3.6	.1	5.4	5.1	2.3	3.0	.9	8.	
43. Cable Coil Cases—Local																		
Cable Terminals																		
44. "B" Type	11.7	1.6	10.9	6.8	5.5	4.5	1.6	3.3	18.7	6.2	1.0	8.5	2.1	2.8	6.0	1.5	7.	
45. No. 8 Type	45.6		1.5	17.8					.4	.005		4.3		17.6		10.7	2.	
46. No. 14 Type	1.2	2.3	21.7	5.1	6.5	6.7	1.6	5.5	1.5	7.0	2.2	12.4	1.5	.2	15.6	.1	8.	
Station Apparatus and Miscellaneous																		
47. Sub-Sets, Bell Boxes	2.9	2.3	26.3	7.5	3.2	9.7	1.6	5.7	2.2	6.6	.6	7.5	1.5	2.4	10.0	1.6	8.	
48. " " Wall Type	2.5	.2	5.6	4.8	1.7	15.1	1.8	1.0	.7	3.0	.5	3.7	1.8	2.4	8.4	4.3	42.	
49. Desk Stands, Manual Types and Mach. Switch	3.8	2.3	22.7	8.1	2.7	10.6	1.9	5.6	1.6	6.7	.8	7.8	1.8	2.8	9.7	2.1	9.	
50. Hand Sets (1928 only)	1.9	2.0	42.2	4.6	2.7	2.0		1.0		13.1	.8	9.9	.5	1.3	9.1	.9	8.	
51. Coin Collectors, No. 50 Type	7.8	1.3	21.6	10.6	7.3	4.7	.6	4.3	5.7	3.5	1.5	4.9	2.3	1.1	12.7	1.6	8.	
52. Coin Collectors, No. 7 Type			.3	(.5)		2.1	.9		1.1	1.7		87.7	.9		4.3		1.	
53. Dist. Frame Wire (Thousand Cond. Ft.)	3.2	1.1	20.2	8.1	3.6	4.8	1.2	3.4	1.8	7.6	.9	11.7	1.6	1.8	11.9	1.7	14.	

( ) = Red.

for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1926 to 1928, Inclusive

	N.Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Cum. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.	A. T. & T. L. L.	Total
req. Sec., W. E. Eng'd	3.7	2.8	18.8	7.2	4.2	11.9	2.8	3.6	1.8	4.8	.9	11.5	2.7	2.4	6.7	2.4	6.4	5.4	100.00
(excl. M. S. A.)	1.4	2.8	13.3	4.5	2.3	9.9	2.8	6.4	1.1	7.4	1.3	11.8	2.1	1.5	6.3	2.1	7.0	16.0	100.00
Jobs req. Sect., W. E. Eng'd	6.3	2.4	12.7	42.7	3.2	16.3	1.4	1.2	.5	6.4	.6	4.8	4.5	2.2	7.9	2.3	2.6	12.0	100.00
Sec. (excl. M. S. A.)	4.3	3.3	14.8	4.7	1.8	15.2	1.2	1.2	.1	9.0	1.1	4.7	3.8	2.3	9.2	3.0	3.9	16.4	100.00
X. Sec. (excl. No. 700)	4.4	.2	29.5	6.3	3.2	4.8	1.0	4.0	2.1	11.4	.4	15.6	2.2	2.0	5.6	1.8	5.5	....	100.00
No. 505 Type	7.7	1.8	30.7	9.9	4.3	1.6	.2	4.4	.1	6.2	.6	13.1	2.3	1.1	6.1	1.4	8.5	....	100.00
" 550 "	7.6	1.2	31.8	4.8	3.2	4.4	.9	2.7	.4	6.8	.5	13.5	1.0	1.2	10.6	2.1	7.5	....	100.00
Total all Types (excl. No. 700)	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
No. of new offices	10.7	....	28.6	8.9	7.2	....	....	1.8	....	8.9	....	10.7	....	....	12.5	....	10.7	....	100.00
(New off.) No. of Lines, Total	7.1	....	31.2	8.6	6.9	....	....	1.7	....	9.5	....	11.5	....	....	12.9	....	10.6	....	100.00
(" ") " " Frames	7.9	....	25.7	6.1	7.1	....	....	1.3	....	9.1	....	16.1	....	....	15.3	....	11.4	....	100.00
o. of Add. req. Frames, W. E. Eng'd	2.6	....	62.3	10.4	1.3	....	....	1.3	....	3.9	....	3.9	....	....	5.2	....	9.1	....	100.00
dd.) No. of Lines (Incl. in Line 10)	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
" " " Frames (" " " 11)	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
o. of New Offices	2.1	3.2	13.8	3.2	....	12.7	3.2	3.2	....	5.3	2.1	3.2	....	7.5	8.5	7.5	24.5	....	100.00
ew off.) No. of Lines	2.2	4.9	10.6	7.7	.4	14.2	3.8	3.4	....	8.0	1.3	3.9	1.0	7.7	12.9	4.5	13.5	....	100.00
of Add. req. Frames, W. E. Eng'd	....	1.0	12.6	5.8	3.9	12.6	....	9.7	....	10.7	....	1.9	....	3.9	17.5	5.8	14.6	....	100.00
.) No. of Lines (Incl. in Line 16)	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Jobs	8.3	3.0	3.7	9.6	.2	1.8	.5	7.4	.9	14.9	.2	8.7	.2	.2	18.1	.5	21.8	....	100.00
Sections	6.7	1.6	6.6	9.5	.1	1.7	.2	6.6	.8	11.7	....	16.2	.1	.1	14.0	.8	23.3	....	100.00
Lines Equipped	8.1	2.5	7.1	10.0	.1	1.8	.2	7.1	.6	13.8	.3	4.9	.1	.2	13.0	1.5	18.7	....	100.00
nd Link Frames	....	....	9.4	....	....	.6	....	21.0	....	42.5	....	....	....	.2	22.0	....	4.3	....	100.00
nits	3.9	.5	10.5	1.7	.9	6.6	3.4	19.1	....	10.6	.1	9.4	....	2.3	9.1	4.0	17.9	....	100.00
., No. of Pos. to be Convt'd	4.7	....	35.9	9.1	6.0	.1	....	5.0	6.1	4.4	.9	2.4	2.3	....	3.6	.6	8.9	....	100.00
r Current Equipment																			
o. 21, 22 and 44 Types	1.3	.1	.3	.3	.7	2.3	.1	.2	....	2.8	.02	4.3	1.9	1.4	2.2	.7	2.5	78.9	100.00
letallic	3.7	....	....	....	....	.1	....	....	....	4.6	....	7.1	5.3	....	....	....	....	79.2	100.00
rounded Duplex	7.1	....	....	....	1.7	3.1	....	....	....	....	....	....	3.6	2.0	9.4	....	1.2	71.9	100.00
ype "C"	....	....	....	....	....	4.1	....	3.6	....	3.6	....	4.5	4.5	.9	25.4	1.4	34.4	27.6	100.00
" "D"	4.4	....	1.3	.4	4.4	4.9	.9	4.4	....	7.5	....	1.8	3.3	8.0	27.4	.4	18.8	12.1	100.00
" "B"	....	....	....	....	....	....	....	....	....	....	....	19.4	....	....	1.2	....	10.0	69.4	100.00
Voice Frequency	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
(Expressed in Millions of Conductor Feet)																			
ided	2.7	1.6	6.6	6.2	2.4	3.7	.1	2.0	.3	4.2	.3	3.7	2.0	1.4	3.2	.5	8.3	50.8	100.00
-quadded	1.6	....	15.7	....	....	....	1.3	.8	....	4.6	....	11.0	.4	....	....	....	7.2	57.4	100.00
ided	1.9	.8	6.4	7.3	2.1	1.0	....	.6	.1	4.5	.1	4.4	.7	1.2	1.0	.01	5.6	62.3	100.00
quadded	6.1	3.6	34.7	4.5	3.4	5.9	1.2	2.4	1.2	12.9	.2	6.9	.9	1.0	6.2	1.1	7.5	.3	100.00
....	6.2	1.4	22.7	7.9	3.3	6.2	1.1	5.2	1.1	9.5	.9	13.3	1.4	.9	8.1	1.6	9.0	.2	100.00
....	8.1	2.1	17.5	7.7	3.7	5.4	1.5	4.3	1.3	7.5	1.0	11.0	1.8	3.1	12.4	1.7	9.9	....	100.00
....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
Ft	3.2	2.2	8.4	9.5	4.2	3.2	.1	1.6	.7	4.3	.2	4.2	2.8	.9	3.0	.6	4.7	46.2	100.00
n. Cable Loading Coils	1.6	.9	8.5	2.8	.9	.8	.001	.8	.2	3.9	.1	2.5	1.8	.7	.9	.1	5.9	67.6	100.00
ils	3.6	1.1	26.3	9.5	3.2	2.3	....	3.9	.4	6.7	.01	23.8	.7	.1	5.3	1.1	11.9	.1	100.00
....	2.1	1.2	9.0	4.2	2.9	1.6	.1	1.0	.4	3.6	.1	5.4	5.1	2.3	3.0	.9	8.0	49.1	100.00
....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
....	11.7	1.6	10.9	6.8	5.5	4.5	1.6	3.3	18.7	6.2	1.0	8.5	2.1	2.8	6.0	1.5	7.1	.2	100.00
....	45.6	....	1.5	17.8	....	....	....	....	.4	.005	....	4.3	....	17.6	....	10.7	2.1	.0006	100.00
....	1.2	2.3	21.7	5.1	6.5	6.7	1.6	5.5	1.5	7.0	2.2	12.4	1.5	.2	15.6	.1	8.9	.006	100.00
d Miscellaneous																			
....	2.9	2.3	26.3	7.5	3.2	9.7	1.6	5.7	2.2	6.6	.6	7.5	1.5	2.4	10.0	1.6	8.4	....	100.00
....	2.5	.2	5.6	4.8	1.7	15.1	1.8	1.0	.7	3.0	.5	3.7	1.8	2.4	8.4	4.3	42.5	....	100.00
pes and Mach. Switch	3.8	2.3	22.7	8.1	2.7	10.6	1.9	5.6	1.6	6.7	.8	7.8	1.8	2.8	9.7	2.1	9.0	....	100.00
....	1.9	2.0	42.2	4.6	2.7	2.0	....	1.0	....	13.1	.8	9.9	.5	1.3	9.1	.9	8.0	....	100.00
Type	7.8	1.3	21.6	10.6	7.3	4.7	.6	4.3	5.7	3.5	1.5	4.9	2.3	1.1	12.7	1.6	8.5	....	100.00
ype	....	....	.3	(.5)	....	2.1	.9	....	1.1	1.7	....	87.7	.9	....	4.3	....	1.5	....	100.00
and Cond. Ft.)	3.2	1.1	20.2	8.1	3.6	4.8	1.2	3.4	1.8	7.6	.9	11.7	1.6	1.8	11.9	1.7	14.9	.5	100.00

[fol. 5133]

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Year 1929

	N. Eng. T. & T. No. Area	N. Eng. T. & T. So. Area	So. N. Eng. T. & T.	N. Y. T.	N. J. B. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W B. T
Switchboards:															
1. Man., Lge. Mult. Sections (excl. D. S. "A")	.6	2.2	1.7	6.6	5.4	3.7	.5	6.0	5.4	.4	16.5	1.0	3.7	7.6	1.0
2. " Sma. " C. O. " (" " ")	4.1	2.1		7.4	4.6	4.5	1.9	4.5	1.4	1.9	3.2	.2	4.7	2.9	3.5
3. " " " PBX " (" No. 700)	.9	2.8		41.9	6.2	6.6	2.7	2.7	1.3	.4	5.2		14.5	1.6	.6
4. " Non-Mult. Sections, No. 505 Type	1.2	2.9	2.7	37.2	5.4	7.1	3.0	2.3	3.6	.4	3.0	.7	12.8	2.4	1.5
5. " " " " " 551 "	1.6	2.7	2.6	29.4	3.6	4.9	2.7	5.8	4.0	.5	4.1	.7	13.9	2.3	1.9
6. " " " " Total other Types	4.7	1.2	4			1.9	7.8	16.3	5.1	.4					6.2
7. Panel No. of Lines, Total		4.4		27.3	3.1	13.2	6.9	2.2	7.4	3.7	7.4	2.1	6.6	6.4	
8. " No. of Frames, "		3.8		30.0	3.5	9.3	6.3	1.9	6.1	2.7	7.2		10.9	6.2	
9. Step-by-Step, No. of Lines, Total	10.8		11.1	4.0	3.3	12.1	.4	10.5	13.1		1.7		2.9		1.4
10. No. 700 P. B. X. No. of New Exchanges	1.7	1.0	6.9	17.9		8.6	.3	2.4	6.6	.7	8.4	.7	8.7	.7	
11. " " " " " Sections	1.1	1.2	3.7	21.0		11.0	1.5	1.1	6.1	.8	9.1	.3	10.5	.5	
12. " " " " " Lines Equipped, Total	1.8	1.7	7.3	19.3		10.2	2.1	1.7	4.6	.9	12.2	.8	9.0	.1	
13. " 740 " " " New Exchanges	1.8	2.5	9.9	22.3	1.1	10.2	1.1		1.4		4.2	1.1	5.6	2.8	.4
Repeaters and Carrier Current Equipment:															
14. Telephone Repeaters, No. 21, 22 and 44 Types	3.6	.4		1.7	.2	.9	.6	.8	.1		2.2	.1	3.6	3.8	.6
15. Telegraph " , Metallic		.5									2.6		4.7	6.1	
16. " " , Differential Duplex	.8							7.0			1.0		2.9	6.5	1.6
17. " " , Single Line	1.6							.8				1.6	4.4	8.1	
18. " " , One Way Polar	.5	1.4				1.0	1.0	1.9			1.9		8.1	5.3	
19. Carrier Telephone Systems, Type "C"	3.1	.8						2.7			1.9		2.3	5.8	2.7
20. " " " " "D"	6.5			3.9				3.9			11.0	2.6	4.9	.3	5.5
21. " Telegraph " " "B"													5.7		
22. " " " "Voice Frequency"													22.8		
Loading Coils:															
23. Side and Phantom Loading Coils	1.9	1.0	.5	4.1	2.5	1.8	.3	1.2	.5	.2	2.8	.1	1.7	1.1	.8
24. Non-phantom Loading Coils	3.9	.5	2.1	27.8	3.2	9.7	2.4	1.3	5.8	1.3	6.0		13.5	.6	2.9
25. Carrier Loading Coils	1.4			2.4			.3	6.3			.3	1.0	.6	5.4	8.1
26. Loading Coil Cases	2.9	1.1	1.4	7.7	2.1	3.8	2.0	3.1	1.6	.6	2.6	.3	3.7	1.9	4.8
Cable Terminals:															
27. "C" Type	6.1	6.0	2.4	7.9	.6	13.5		12.8	6.0	.1	11.3	1.0	6.7	1.4	5.4
28. No. 14 Type	.5	1.5		26.5	12.2		12.2	.3		4.9		2.8		.5	.2

[fol. 5134]

Lead Covered Cable (Expressed in Millions of Conductor Feet):															
29. No. 16 and larger—Paired Cond., Non-quad	1.3	.3		32.9	1.3	1.4			.8	.3	1.9		2.4		.3
30. " 19 " " " "	5.3	3.0	2.6	26.4	8.3	4.9	1.5	7.1	6.5	.9	7.4	.8	7.0	3.2	.8
31. " 22 " " " "	1.6	2.7	.9	22.3	4.5	7.7	2.5	8.3	7.8	1.2	6.5	.8	8.3	2.9	1.3
32. " 24 " " " "	3.0	2.8	1.8	19.2	3.7	8.4	3.3	7.2	5.2	.9	6.3	1.2	7.4	2.4	2.8
33. " 16 and larger—Quadded Cond	3.3	1.7	1.2	7.5	.4	8.7	1.2	1.1	3.1	.4	4.1	.3	2.3	.3	3.2
34. " 19 and smaller " "	1.1	.6	.9	2.4	2.8	2.8	.5	.4	.5	.1	1.7	.1	1.6	.1	.9
35. Total (Lines 29 to 34)	2.6	2.4	1.3	16.7	4.0	6.5	2.2	5.7	4.8	.8	5.3	.7	6.0	2.0	1.8
36. Toll Aerial Cable, Linear Feet	2.4	1.1	1.9	5.6		8.4	2.9		2.4		2.8	.5		.2	2.6
Station Apparatus:															
37. Subscriber Sets, Bell Boxes	1.8	2.9	1.9	22.5	6.0	10.6	2.5	5.4	7.3	.7	5.9	1.5	7.8	1.3	2.0
38. " " , Wall Type	.5	1.3	.5	5.1	.3	.3	2.2	9.0	2.2	.1	4.5	.9	4.9	2.3	2.8
39. Desk Stands			1.8		9.0	13.0	5.2	13.6	8.4		8.2	2.7	4.6	2.3	1.3
40. Hand Telephone Sets	2.4	2.9	1.3	34.9	4.2	7.6	2.5	5.6	6.3	1.3	4.2	.8	9.2	1.2	2.7
41. Coin Collectors, No. 50 Type	4.7	1.9	1.0	15.7	8.2	9.1	2.7	6.3	4.6	.6	5.7	1.4	6.6	2.0	2.3
42. " " " 7 "								2.7		.7			94.3	.7	

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Year 1929

	N. Eng. T. & T. No. Area	N. Eng. T. & T. So. Area	So. N. Eng. T. & T.	N. Y. T.	N. J. B. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T. Co.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.	A. T. & T. L. L.	Total
"A")	.6	2.2	1.7	6.6	5.4	3.7	.5	6.0	5.4	.4	16.5	1.0	3.7	7.6	1.0	6.7	.4	15.5	15.1	100.00
")	4.1	2.1		7.4	4.6	4.5	1.9	4.5	1.4	1.9	3.2	.2	4.7	2.9	3.5	14.7	.7	7.3	30.4	100.00
0)	.9	2.8		41.9	6.2	6.6	2.7	2.7	1.3	.4	5.2		14.5	1.6	.6	5.7	1.2	5.7		100.00
ype	1.2	2.9	2.7	37.2	5.4	7.1	3.0	2.3	3.6	.4	3.0	.7	12.8	2.4	1.5	5.2	1.7	6.9		100.00
"	1.6	2.7	2.6	29.4	3.6	4.9	2.7	5.8	4.0	.5	4.1	.7	13.9	2.3	1.9	7.7	2.5	9.1		100.00
r Types	4.7	1.2	.4			1.9	7.8	16.3	5.1	.4					6.2	17.9	6.6	31.5		100.00
"		4.4		27.3	3.1	13.2	6.9	2.2	7.4	3.7	7.4	2.1	6.6	6.4		1.7		7.6		100.00
"		3.8		30.0	3.5	9.3	6.3	1.9	6.1	2.7	7.2		10.9	6.2		4.7		7.4		100.00
"	10.8		11.1	4.9	3.3	12.1	.4	10.5	13.1		1.7		2.9		1.4	9.9	4.8	14.0		100.00
anges	1.7	1.0	6.9	17.9		8.6	.3	2.4	6.6	.7	8.4	.7	8.7	.7		11.0	1.0	23.4		100.00
"	1.1	1.2	3.7	21.0		11.0	1.5	1.1	6.1	.8	9.1	.3	10.5	.5		7.0	1.1	24.0		100.00
ipped, Total	1.8	1.7	7.3	19.3		10.2	2.1	1.7	4.6	.9	12.2	.8	9.0	.1		6.6	.7	21.0		100.00
anges	1.8	2.5	9.9	22.3	1.1	10.2	1.1	....	1.4	....	4.2	1.1	5.6	2.8	.4	19.8	....	15.8	....	100.00
ipment:																				
4 Types	3.6	.4		1.7	.2	.9	.6	.8	.1	....	2.2	.1	3.6	3.8	.6	3.6	.7	11.8	65.3	100.00
"		.5									2.6		4.7	6.1		6.5		27.2	52.4	100.00
lex	.8							7.0			1.0		2.9	6.5	1.6	8.8		21.0	49.5	100.00
"	1.6							.8				1.6	4.4	8.1		12.1		10.9	60.5	100.00
"	.5	1.4				1.0	1.0	1.9			1.9		8.1	5.3		8.4		16.2	54.3	100.00
"	3.1	.8						.7			1.9		2.3	5.8	2.7	19.5	1.6	25.3	34.3	100.00
"	6.5			3.9				.9			11.0	2.6	4.9	.3	5.5	46.8	1.6	13.0		100.00
"													5.7			22.9		14.3	57.1	100.00
equency"													22.8					2.9	74.3	100.00
	1.9	1.0	.5	4.1	2.5	1.8	.3	.1	.5	.2	2.8	.1	1.7	1.1	.8	4.4		11.2	63.9	100.00
	3.9	.5	2.1	27.8	3.2	9.7	2.4	1.3	5.8	1.3	6.0		13.5	.6	2.9	1.7	.5	13.7	3.1	100.00
	1.4			2.4			.3	6.3			.3	1.0	.6	5.4	8.1	14.0	5.1	12.1	43.0	100.00
	2.9	1.1	1.4	7.7	2.1	3.8	2.0	3.1	1.6	.6	2.6	.3	3.7	1.9	4.8	7.0	3.9	12.5	37.0	100.00
	6.1	6.0	2.4	7.9	.6	13.5	....	12.8	6.0	.1	11.3	1.0	6.7	1.4	5.4	9.0	2.7	7.1	....	100.00
	.5	1.5	....	26.5	12.2	....	12.2	.3	....	4.9	....	2.8	....	.5	.2	32.3	.4	5.7	....	100.00
illions of Conductor Feet):																				
quad	1.3	.3	....	32.9	1.3	1.4	....	....	.8	.3	1.9	....	2.4	....	.3	5.9	....	11.2	40.0	100.00
"	5.3	3.0	2.6	26.4	8.3	4.9	1.5	7.1	6.5	.9	7.4	.8	7.0	3.2	.8	7.2	.6	6.5	....	100.00
"	1.6	2.7	.9	22.3	4.5	7.7	2.5	8.3	7.8	1.2	6.5	.8	8.3	2.9	1.3	9.1	1.7	9.9	....	100.00
"	3.0	2.8	1.8	19.2	3.7	8.4	3.3	7.2	5.2	.9	6.3	1.2	7.4	2.4	2.8	10.9	2.0	11.5	....	100.00
....	3.3	1.7	1.3	7.5	.4	8.7	1.2	1.1	3.1	.4	4.1	.3	2.3	.3	3.2	2.9	2.6	24.8	30.9	100.00
....	1.1	.6	.2	2.4	2.8	2.8	.5	.4	.5	.1	1.7	.1	1.6	.1	.9	9.9	.3	11.8	62.2	100.00
....	2.6	2.4	1.3	16.7	4.0	6.5	2.2	5.7	4.8	.8	5.3	.7	6.0	2.0	1.8	9.6	1.4	11.0	15.2	100.00
....	2.4	1.1	1.9	5.6	....	8.4	2.9	....	2.4	....	2.8	.5	....	.2	2.6	1.6	1.6	12.9	53.1	100.00
	1.8	2.9	1.9	22.5	6.0	10.6	2.5	5.4	7.3	.7	5.9	1.5	7.8	1.3	2.0	8.3	4.1	7.5	....	100.00
	.5	1.3	.5	5.1	.3	.3	2.2	9.0	2.2	.1	4.5	.9	4.9	2.3	2.8	9.9	11.7	41.5	....	100.00
	....	....	1.8	....	9.0	13.0	5.2	13.6	8.4	....	8.2	2.7	4.6	2.3	1.3	13.0	8.2	8.7	....	100.00
	2.4	2.9	1.3	34.9	4.2	7.6	2.5	5.6	6.3	1.3	4.2	.8	9.2	1.2	2.7	5.6	1.1	6.2	....	100.00
	4.7	1.9	1.0	15.7	8.2	9.1	2.7	6.3	4.6	.6	5.7	1.4	6.6	2.0	2.3	14.6	4.7	7.9	....	100.00
	....	....	....	....	....	....	....	2.7	....	.7	....	....	94.3	.7	....	....	....	1.6	....	100.00

J. G. Wray & Co.

[fol. 5135]

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company, for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1930 to 1932 Inclusive

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	N. J. B. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mt T.
Switchboards																
1. Manual, Lge. Mult. Sections (excl. D. S. "A")	3.6	4	9.3	4.7	3.4	2.6	5.1	6.8	.3	3.2	2.3	4.7	5.5	3.6	9.4	
2. " " " "	27.1	....	15.1	....	....	7.8	....	....	....	....	....	8.5	....	8.4	4.2	
3. Small Mult, C. O. "	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	
4. Manual Sma. Mult. C. O. Sections (excl. D. S. "A")	6.5	.4	11.4	8.9	8.8	6.0	9.7	1.2	.3	5.7	.8	1.9	2.2	8.4	21.6	
5. No. 5 Toll Test and No. 9 Teleg: Test Bays	3.7	.6	1.5	.8	2.4	1.6	2.0	2.2	.4	1.9	.3	2.5	4.0	2.0	11.3	
6. Manual, Sma. Mult. P. B. X. Sections (excl. Dial P. B. X.)	8.1	.9	26.2	6.5	5.9	6.1	6.2	5.3	2.0	7.6	.3	4.3	4.6	2.4	9.4	
7. " Non-Mult. Sect., No. 506 Type	5.5	2.3	30.3	8.0	6.2	4.7	2.2	3.6	.8	3.3	.6	6.0	3.5	2.4	6.9	
8. " " " " " 550 & 551 Types	3.9	2.1	27.1	5.8	3.0	5.3	5.4	4.8	2.4	3.0	.8	5.5	2.7	2.6	8.5	
9. Panel, No. of Lines, Total	5.4	....	37.8	8.4	7.6	2.9	....	3.3	1.9	8.0	....	7.5	2.8	1.0	6.9	
10. " " " Frames, "	5.9	....	37.9	7.1	7.6	2.3	....	3.0	2.0	8.3	....	10.7	2.8	.8	6.4	
11. Step-by-Step, No. of Lines, Total	6.1	9.4	10.1	.1	5.8	8.2	8.3	9.5	....	4.7	2.3	2.7	.7	4.9	11.1	
12. No. 700 and 701, Type P. B. X., No. of Sections	2.2	3.6	31.0	2.5	10.4	4.2	1.3	7.6	.5	3.9	1.0	9.3	1.4	2.0	5.3	
13. " " " 701, " " " " New Exchanges	3.8	6.7	22.3	1.8	9.1	3.9	2.0	8.5	.8	4.1	1.2	4.7	2.6	1.6	8.1	
14. " " " 701, " " " " Lines Equipped, Tot	5.6	5.2	20.2	6.1	12.8	5.6	.8	7.0	.8	5.1	.9	8.8	2.4	1.6	4.5	
15. " 740, Type P. B. X., No. of Systems	20.2	8.0	11.1	2.9	8.1	1.3	1.5	3.4	.5	4.6	2.0	13.4	2.3	1.1	8.0	
16. " 750, " " " " "	17.9	3.5	17.4	5.6	12.0	4.8	1.4	3.4	.7	2.0	1.1	8.1	3.0	1.1	6.8	
17. SXS-Community Type, No. of lines	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	
Repeaters and Carrier Current Equipment																
18. Telephone Repeaters, No. 22 Type	4.0	1.1	3.0	2.1	1.3	2.3	1.3	.9	.02	3.6	.1	2.9	4.3	2.5	5.1	1
19. " " 44 "	1.1	.1	.4	.3	.4	.01	.1	.1	....	.6	....	2.9	2.6	.1	4.7	
20. Telegraph Repeaters, Metallic	1.8	....	....	....	....	....	....	.8	....	.6	....	1.1	3.9	....	2.3	
21. " " Single Line	4.3	....	....	....	.7	.2	.6	....	....	....	.6	.2	3.6	....	6.5	
22. " " Diff. Duplex	1.1	....	....	....	.7	1.0	1.1	.2	....	.5	....	.5	5.6	.5	7.0	
23. " " One and Two Way Pole	4.0	....	....	....	1.3	....	1.3	.1	....	1.4	.5	1.3	1.8	.5	6.8	
24. Carrier Telephone System, C. D.	1.1	....	1.3	....	....	6.0	3.3	.3	....	5.2	1.8	2.0	2.7	9.5	18.4	
25. " " Telegraph " , Type B and Voice Freq	1.3	....	....	....	....	....	....	....	....	....	....	1.0	.9	....	5.7	
Loading Coils																
26. Side and Phantom Loading Coils	2.8	.8	5.8	1.9	2.6	.4	.4	.9	.1	1.1	.2	2.2	.3	.4	5.3	
27. Non-Phantom " "	3.7	2.2	22.3	7.8	4.9	1.7	4.6	5.2	1.2	6.5	1.0	10.0	1.0	1.1	4.7	
28. Carrier Phantom " "	.2	.006	1.0	....	....	1.6	8.4	....	....	.2	.5	.7	4.1	9.6	12.4	
29. Loading Coil Cases	1.9	.7	5.1	1.2	2.4	1.4	3.3	1.3	.2	1.1	.2	2.3	1.3	4.1	6.7	
Cable Terminals																
30. Cable Terminals, Type "BB"	....	1.1	48.0	6.7	1.2	1.7	8.5	1.7	....	.7	4.6	11.2	.5	1.1	7.1	
31. " " "C" and 14	12.1	2.2	11.3	3.2	9.6	4.2	7.5	5.1	1.5	6.9	2.8	6.9	1.2	4.2	9.8	

[fol. 5136]

Station Apparatus																
32. Sub. Sets, Bell Boxes—Wall Type	4.5	2.1	20.1	5.1	7.6	4.1	5.7	6.1	.6	5.7	1.7	7.8	1.6	2.4	10.1	
33. Desk Stands	....	1.6	....	7.1	4.0	3.3	27.6	1.0	.3	8.0	6.0	(2.4)	1.4	1.8	20.8	1
34. Hand Telephone Sets	8.4	2.7	22.3	5.5	8.2	4.5	2.8	6.9	1.0	3.5	1.0	7.9	1.4	3.1	8.2	1
35. Coin Collectors, No. 50 Type	8.5	1.5	21.1	7.7	7.4	3.6	4.4	3.8	.2	7.3	1.1	5.1	3.1	2.2	8.7	
36. Loose and Mounted Dials	5.3	3.3	15.4	1.0	12.4	7.2	4.8	7.6	1.1	5.6	2.6	5.9	2.6	.8	11.3	
37. Wiring Plan Keys	16.5	1.6	14.6	2.1	3.7	2.7	10.5	6.3	.6	6.3	1.0	5.9	1.1	5.3	8.4	
Lead Covered Cable (Expressed in Millions of Conductor Feet)																
38. No. 19, 22, 24 and 26, Non-Quadded	6.2	2.3	19.4	5.1	7.9	3.0	6.2	5.9	1.1	5.7	1.3	8.2	3.0	2.5	9.0	
39. " 19, 22 and 24 pair in Quadded Cable	6.9	1.5	11.5	4.6	16.3	7.4	3.3	3.2	.5	5.6	1.7	6.0	7.2	13.5	6.6	
40. " 16 and larger, Quadded and Paired	4.3	2.5	11.4	2.5	4.5	1.3	.6	2.7	.2	4.7	.2	3.2	1.2	1.2	1.8	
41. " 19 and smaller, Quadded	2.5	.5	4.7	2.6	2.9	.7	.7	.7	.1	1.7	.3	1.3	.4	.9	6.4	
42. Toll Aerial Cable, Linear Feet	7.1	1.4	7.0	2.2	10.3	1.7	1.4	.3	.1	3.5	.1	3.0	.2	....	1.4	
43. Buried Cable, Paired and Quadded }	8.0	1.1	9.3	.4	2.4	1.6	1.9	4.4	....	1.2	....	.3	.5	10.2	28.1	
44. Tape Armored Cable, Quadded—Sheath Miles }																

( ) = Red.

Illinois Bell Telephone Company, Chicago Rate Case

Estimate of Quantities of New Material Required to be Delivered by Western Electric Company, for Construction and Maintenance

Data from Provisional Estimates

Per Cent to Each Company of Total Bell System Requirements

Period 1930 to 1932 Inclusive

	N. Eng. T. & T.	So. N. Eng. T. & T.	N. Y. T.	N. J. B. T.	B. T. of Pa.	Ches. & Pot. T.	So. B. T. & T.	Ohio B. T.	Cin. & Sub. T.	Mich. B. T.	Ind. B. T.	Ill. B. T.	Wis. T.	N. W. B. T.	S. W. B. T.	Mtn. S. T. & T.	Pac. T. & T.	A. T. & T. L. L.	Total
ections (excl. D. S. "A")	3.6	.4	9.3	4.7	3.4	2.6	5.1	6.8	.3	3.2	2.3	4.7	5.5	3.6	9.4	1.3	10.4	22.4	100.00
"	27.1	....	15.1	....	....	7.8	....	....	....	....	....	8.5	....	8.4	4.2	....	28.9	....	100.00
"	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
. O. Sections (excl. D. S. "A")	6.5	.4	11.4	8.9	8.8	6.0	9.7	1.2	.3	5.7	.8	1.9	2.2	8.4	21.6	3.9	2.3	....	100.00
o. 9 Teleg. Test Bays	3.7	.6	1.5	.8	2.4	1.6	2.0	2.2	.4	1.9	.3	2.5	4.0	2.0	11.3	.4	8.6	53.8	100.00
'. B. X. Sections (excl. Dial P. B. X.)	8.1	.9	26.2	6.5	5.9	6.1	6.2	5.3	2.0	7.6	.3	4.3	4.6	2.4	9.4	.7	3.5	....	100.00
lect., No. 506 Type	5.5	2.3	30.3	8.0	6.2	4.7	2.2	3.6	.8	3.3	.6	6.0	3.5	2.4	6.9	3.2	10.5	....	100.00
" " 550 & 551 Types	3.9	2.1	27.1	5.8	3.0	5.3	5.4	4.8	2.4	3.0	.8	5.5	2.7	2.6	8.5	3.3	13.8	....	100.00
'otal	5.4	....	37.8	8.4	7.6	2.9	....	3.3	1.9	8.0	....	7.5	2.8	1.0	6.9	....	6.5	....	100.00
	5.9	....	37.9	7.1	7.0	2.3	....	3.0	2.0	8.3	....	10.7	2.8	.8	6.4	....	5.8	....	100.00
ines, Total	6.1	9.4	10.1	.1	5.8	8.2	8.3	9.5	....	4.7	2.3	2.7	.7	4.9	11.1	2.9	13.2	....	100.00
e P. B. X., No. of Sections	2.2	3.6	31.0	2.5	10.4	4.2	1.3	7.6	.5	3.9	1.0	9.3	1.4	2.0	5.3	1.4	12.4	....	100.00
" " " New Exchanges	3.8	6.7	22.3	1.8	9.1	3.9	2.0	8.5	.8	4.1	1.2	4.7	2.6	1.6	8.1	1.6	17.2	....	100.00
" " " Lines Equipped, Tot	5.6	5.2	20.2	6.1	12.8	5.6	.8	7.0	.8	5.1	.9	8.8	2.4	1.6	4.5	1.0	11.6	....	100.00
., No. of Systems	20.2	8.0	11.1	2.9	8.1	1.3	1.5	3.4	.5	4.6	2.0	13.4	2.3	1.1	8.0	1.4	10.2	....	100.00
" " "	17.9	3.5	17.4	5.6	12.0	4.8	1.4	3.4	.7	2.0	1.1	8.1	3.0	1.1	6.8	3.1	8.1	....	100.00
, No. of Lines	100.0	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	100.00
r Current Equipment																			
No. 22 Type	4.0	1.1	3.0	2.1	1.3	2.3	1.3	.9	.02	3.6	.1	2.9	4.3	2.5	5.1	1.1	12.1	52.3	100.00
.44 "	1.1	.1	.4	.3	.4	.01	.1	.1	....	.6	....	2.9	2.6	.1	4.7	....	4.9	81.7	100.00
Metallic	1.8	....	....	....	....	....	....	.8	....	.6	....	1.1	3.9	....	2.3	....	21.9	67.6	100.00
Single Line	4.3	....	....	....	.7	.2	.6	....	....	....	.6	.2	3.6	....	6.5	.2	14.7	68.4	100.00
Diff. Duplex	1.1	....	....	....	.7	1.0	1.1	.2	....	.5	....	.5	5.6	.5	7.0	.5	26.3	55.0	100.00
One and Two Way Polar	4.0	....	....	....	1.3	....	1.3	.1	....	1.4	.5	1.3	1.8	.5	6.8	.7	17.3	63.0	100.00
em, C, D	1.1	....	1.3	....	....	6.0	3.3	.3	....	5.2	1.8	2.0	2.7	9.5	18.4	2.8	8.9	36.7	100.00
", Type B and Voice Freq	1.3	....	....	....	....	....	....	....	....	....	....	11.0	.9	....	5.7	.5	13.0	67.6	100.00
ding Coils	2.8	.8	5.8	1.9	2.6	.4	.4	.9	.1	1.1	.2	2.2	.3	.4	5.3	.03	7.9	66.9	100.00
" "	3.7	2.2	22.3	7.8	4.9	1.7	4.6	5.2	1.2	6.5	1.0	10.0	1.0	1.1	4.7	1.5	15.6	5.0	100.00
" "	.2	.006	1.0	....	....	1.6	8.4	....	....	.2	.5	.7	4.1	9.6	12.4	3.2	4.0	54.1	100.00
....	1.9	.7	5.1	1.2	2.4	1.4	3.3	1.3	.2	1.1	.2	2.3	1.3	4.1	6.7	1.4	9.3	56.1	100.00
"BB"	....	1.1	48.0	6.7	1.2	1.7	8.5	1.7	....	.7	4.6	11.2	.5	1.1	7.1	1.1	4.8	....	100.00
and 14	12.1	2.2	11.3	3.2	9.6	4.2	7.5	5.1	1.5	6.9	2.8	6.9	1.2	4.2	9.8	1.9	9.5	.1	100.00
Wall Type	4.5	2.1	20.1	5.1	7.6	4.1	5.7	6.1	.6	5.7	1.7	7.8	1.6	2.4	10.1	4.1	10.7	....	100.00
....	....	1.6	....	7.1	4.0	3.3	27.6	1.0	.3	8.0	6.0	(2.4)	1.4	1.8	20.8	13.5	6.0	....	100.00
....	8.4	2.7	22.3	5.5	8.2	4.5	2.8	6.9	1.0	3.5	1.0	7.9	1.4	3.1	8.2	1.8	10.8	....	100.00
Type	8.5	1.5	21.1	7.7	7.4	3.6	4.4	3.8	.2	7.3	1.1	5.1	3.1	2.2	8.7	3.5	10.8	....	100.00
als	5.3	3.3	15.4	1.0	12.4	7.2	4.8	7.6	1.1	5.5	2.6	5.9	2.6	.8	11.3	1.7	11.5	....	100.00
....	16.5	1.6	14.6	2.1	3.7	2.7	10.5	6.3	.6	6.3	1.0	5.9	1.1	5.3	8.4	4.8	8.6	....	100.00
(Expressed in Millions of Conductor Feet)																			
Non-Quadded	6.2	2.3	19.4	5.1	7.9	3.0	6.2	5.9	1.1	5.7	1.3	8.2	3.0	2.5	9.0	2.0	11.2	....	100.00
n Quadded Cable	6.9	1.5	11.5	4.6	16.3	7.4	3.3	3.2	.5	5.6	1.7	6.0	7.2	13.5	6.6	.9	2.8	.5	100.00
lded and Paired	4.3	2.5	11.4	2.5	4.5	1.3	.6	2.7	.2	4.7	.2	3.2	1.2	1.2	1.8	.6	8.9	48.2	100.00
dded	2.5	.5	4.7	2.6	2.9	.7	.7	.7	.1	1.7	.3	1.3	.4	.9	6.4	.05	7.5	66.1	100.00
r Feet	7.1	1.4	7.0	2.2	10.3	1.7	1.4	.3	.1	3.5	.1	3.0	.2	....	1.4	.2	8.6	51.5	100.00
d Quadded uadded Sheath Miles	8.0	1.1	9.3	.4	2.4	1.6	1.9	4.4	....	1.2	....	.3	.5	10.2	28.1	3.2	3.7	23.7	100.00

J. G. Wray & Co.

[fol. 5137] EXHIBIT X-317-A

Illinois Bell Telephone Company, Chicago Rate Case

Cross-section of Estimated Quantities of Materials to be Delivered by W. E. Co. to Each Associated Co.

Period 1922-1932—11 Years

Quantities from Provisional Estimates

This chart—Exhibit 317-A—is to illustrate graphically the percentages shown on sheet 1 of Exhibit X-317.

Each graph on this chart represents for each associated company the percent that the estimated quantities of that company for each item is to the total estimated quantities for the Bell System of each item during the eleven year period, 1922 to 1932 inclusive.

Each graph on the chart represents the estimated requirements of a company and the company named is indicated both at the left and right hand ends of the graph. The 32 items of Western Electric Manufacture are indicated by the numbers at the bottom of the chart designated "Items."

The items are designated in the typewritten list in the upper left hand of the chart.

The percents are indicated by the scale at the left of each graph and begin at zero for each graph.

The following is the code used to designate the various associated companies:

N. E. T. & T.—New England Tel. & Tel. Co.
So. N. E. T. & T.—Southern New England Tel. & Tel. Co.
N. Y. T.—New York Telephone Co.
B. T. of Pa.—Bell Telephone Co. of Pennsylvania.
Ches. & Pot. T.—Chesapeake & Potomac Telephone Co. (Group).
So. B. T. & T.—Southern Bell Tel. & Tel. Co.
O. B. T.—Ohio Bell Telephone Company.
Cin. & Sub. T.—Cincinnati & Suburban Telephone Co.
M. B. T.—Michigan Bell Telephone Co.
Ind. B. T.—Indiana Bell Telephone Co.
Ill. B. T.—Illinois Bell Telephone Co.
Wis. T.—Wisconsin Telephone Co.

N. W. B. T.—Northwestern Bell Telephone Co.
S. W. B. T.—Southwestern Bell Telephone Co.
Mtn. S. T. & T.—Mountain States Tel. & Tel. Co.
[fol. 5138] Pac. T. & T.—Pacific Tel. & Tel. Co.
A. T. & T. L. L.—American Tel. & Tel. Co.—Long Lines.

The vertical lines represent the 32 items. They are numbered at the bottom of the chart.

To illustrate how the chart has been prepared let us take item 1, sheet 1, Exhibit X317. The percent of estimate of quantities for the eleven year period for each company to the total quantities for the Bell System for the eleven year period for each item are on sheet 1 of Exhibit X317, shown across the sheet from left to right, opposite the items as designated and numbered. The same percentages are shown on the chart—Exhibit X317-A—across the chart from the bottom to the top opposite the same items as numbered at the bottom.

For example: On exhibit X317, Item 1—Manual Large Multiple Sections—has the following percentages; N. E. T. & T., 4.7; So. N. E. T. & T. 1.8; N. Y. T., 19.9, etc., across the page to a total of 100 percent. These figures are shown above Item 1 at the left hand of the chart—Exhibit X317-A. The percents beginning at the bottom are N. E. T. & T., 4.7; next above So. N. E. T. & T., 1.8; next above N. Y. T., 19.9, etc., to a total which will be 100 percent for the sum of the percents for this item.

The graphs on chart—Exhibit X317-A—are to enable one to visualize readily the variations of the percentages of estimated quantities of the 32 different items for the same company, and also the variations in the percents of any single item for the different companies. The percents for each of the companies would be alike for all 32 items if the estimates of quantities of each company were each a fair cross section of the estimates of quantities for the items for the Bell System.

(Here follows side folio 5139)

EXHIBIT X-317A

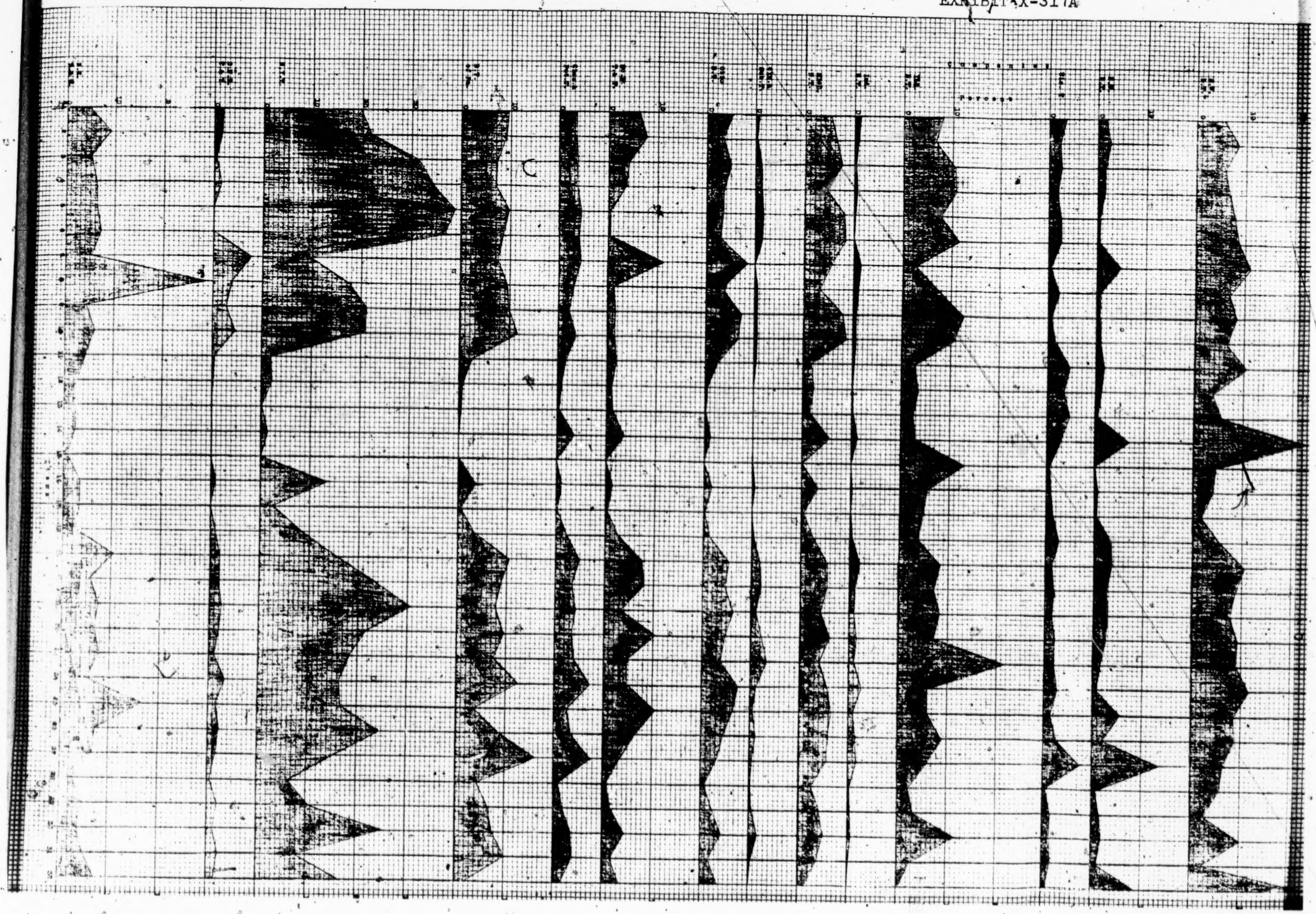
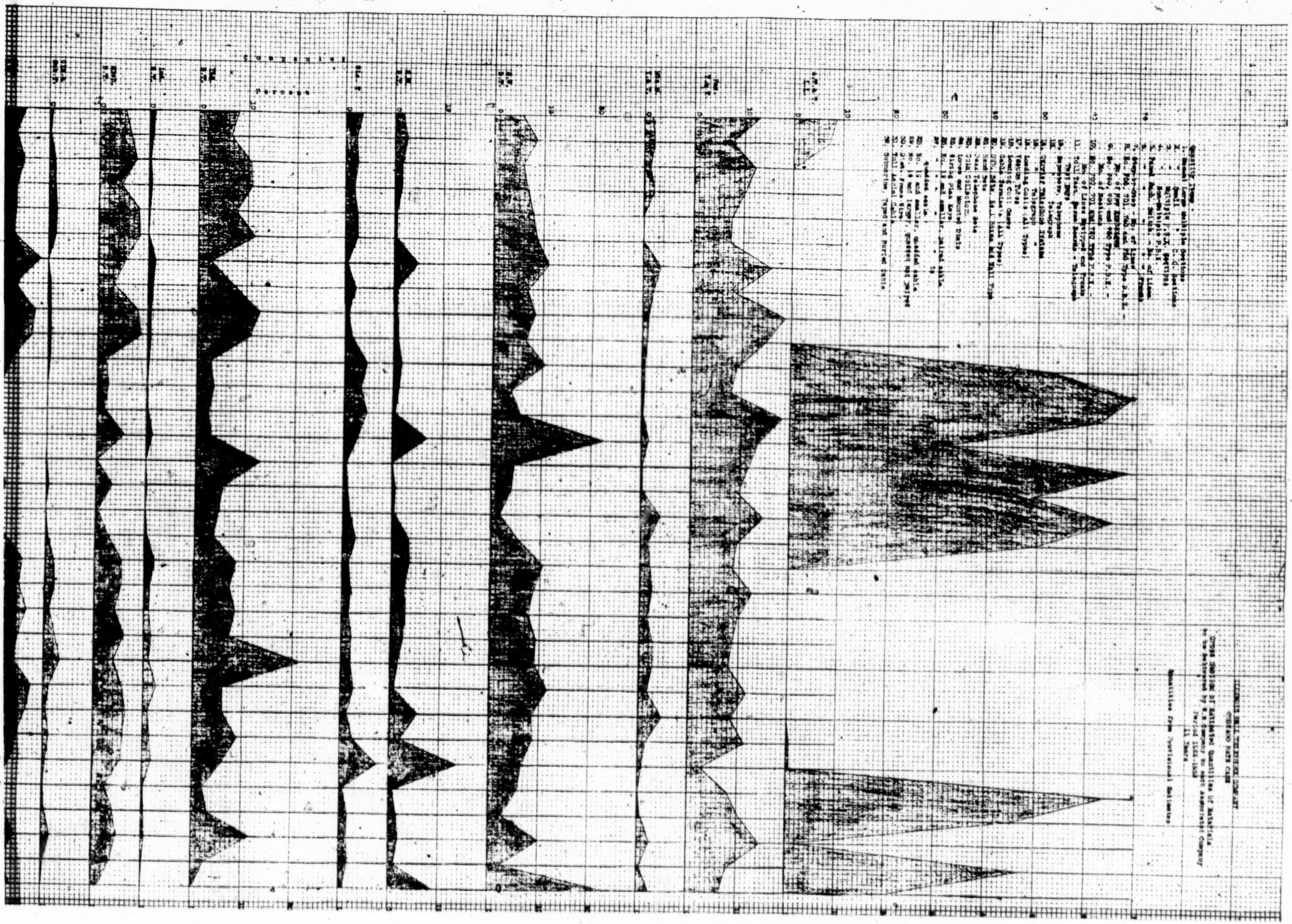
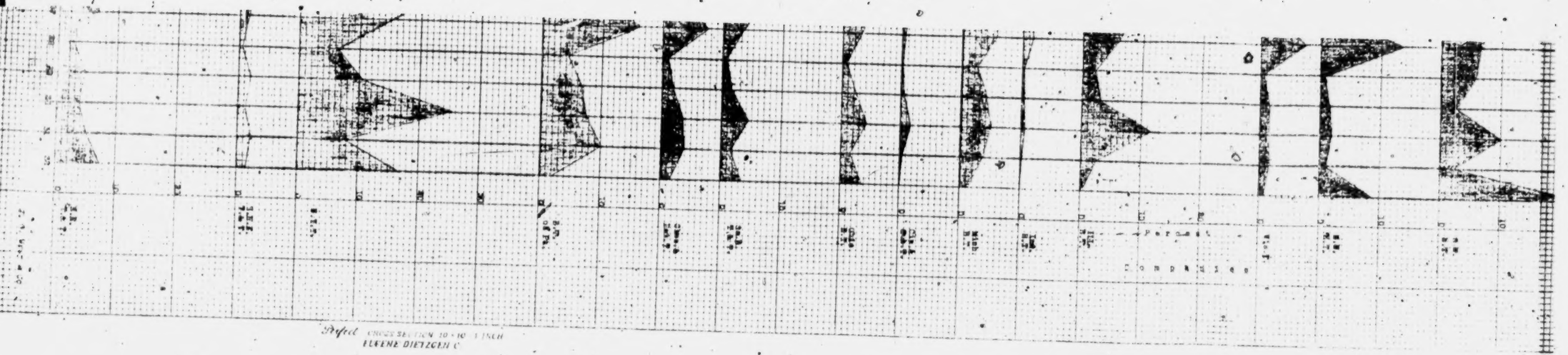


EXHIBIT X-317A





5139

[fol. 5140]

EXHIBIT X-319

Illinois Bell Telephone Company—Chicago Rate Case

Estimated Quantities of New Materials Required to be Delivered in 1932-1933-1934

Provisional Estimate for 1932—Summary of Statement "E"

Actual Figures and Percentages of Bell System Totals—For Each Company

Panel Central Office Equipment

	Lines						Frames					
	1932		1933		1934		1932		1933		1934	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
New Eng. Tel. & Tel. Co.	31,320	7.36	15,000	5.39	15,260	5.74	396	9.08	150	4.96	119	4.06
So. New Eng. Tel. Co.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
New York Tel. Co.	185,890	43.66	99,120	35.61	64,670	24.31	1,650	37.81	964	31.90	660	22.52
New Jersey Bell Tel. Co.	18,160	4.27	19,900	7.15	0	.....	210	4.81	286	9.46	.....	.....
Bell Tel. Co. of Pa.	22,200	5.21	45,740	16.43	39,405	14.81	265	6.07	563	18.63	554	18.90
Diamond State Tel. Co.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
Ches. & Pot. Tel. Co. of D. C.	9,600	2.25	27,600	9.91	5,900	2.22	94	2.15	215	7.12	64	2.18
" " " " " B. C.	0	.....	470	.17	0	.....	0	.....	13	.43	0	.....
" " " " " Va.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
" " " " " W. Va.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
So. Bell Tel. & Tel. Co.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
Ohio Bell Tel. Co.	27,780	6.05	16,840	6.05	20,420	7.67	255	5.84	216	7.15	217	7.40
Cinn. & Sub. Bell Tel. Co.	6,400	1.50	2,000	.72	17,800	6.69	98	2.25	14	.46	219	7.47
Mich. Bell Tel. Co.	12,040	2.83	10,120	3.63	47,240	17.76	111	2.54	115	3.81	476	16.24
Ind. Bell Tel. Co.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
Wis. Tel. Co.	16,730	3.93	1,000	.36	8,500	3.19	208	4.77	22	.73	105	3.58
Ill. Bell Tel. Co.	44,320	10.41	17,280	6.21	22,780	8.56	570	13.06	201	6.65	313	10.68
Northwestern Bell Tel. Co.	0	.....	0	.....	980	.37	0	.....	0	.....	4	.14
Southwestern Bell Tel. Co.	26,600	6.25	11,200	4.02	5,200	1.95	239	5.48	120	3.97	33	1.13
Mountain States T. & T. Co.	0	.....	0	.....	0	.....	0	.....	0	.....	0	.....
Pacific Tel. & Tel. Co.	26,730	6.28	12,100	4.35	17,900	6.73	268	6.14	143	4.73	167	5.70
Total	425,770	100.00	278,370	100.00	266,055	100.00	4,364	100.00	3,022	100.00	2,931	100.00

[fol. 5141]

Illinois Bell Telephone Company—Chicago Rate Case

Estimated Quantities of New Materials Required to be Delivered in 1932-1933-1934

Provisional Estimate for 1932—Summary of Statement "E"

Actual Figures and Percentages of Bell System Totals—For Each Company

	Step-by-Step Lines					
	1932		1933		1934	
	Amount	%	Amount	%	Amount	%
New Eng. Tel. & Tel. Co	27,660	11.69	8,625	4.62	27,260	8.31
So. New Eng. Tel. Co	21,370	9.03	23,120	12.37	22,400	6.83
New York Tel. Co	23,990	10.14	28,730	15.38	20,490	6.24
Bell Tel. Co. of Pa	0	.....	400	.21	3,400	1.04
Diamond State Tel. Co.	2,860	1.21	8,795	4.71	11,180	3.41
Ches. & Pot. Tel. Co. of D. C.	1,020	.43	0	.....	100	.03
" " " " " B. C.	0	.....	0	.....	0	.....
" " " " " Va.	0	.....	0	.....	0	.....
" " " " " W. Va.	12,900	5.45	2,500	1.34	0	.....
So. Bell Tel. & Tel. Co	555	.23	3,360	1.80	325	.10
Ohio Bell Tel. Co	14,100	5.96	20,136	10.78	55,910	17.04
Cinn. & Sub. Bell Tel. Co.	18,300	7.73	1,960	1.05	17,000	5.18
Mich. Bell Tel. Co	0	.....	0	.....	0	.....
Ind. Bell Tel. Co	8,300	3.51	7,550	4.04	4,860	1.48
Wis. Tel. Co	2,000	.84	3,500	1.87	10,000	3.05
Ill. Bell Tel. Co	0	.....	11,380	6.09	36,610	11.16
Northwestern Bell Tel. Co	13,790	5.83	560	.30	2,340	.71
Southwestern Bell Tel. Co	30,590	12.93	9,090	4.86	25,475	7.76
Mountain States T. & T. Co.	9,185	3.88	32,295	17.29	41,370	12.61
Pacific Tel. & Tel. Co	119	.05	3,765	2.02	12,955	3.95
Total	49,904	21.09	21,063	11.27	36,431	11.10
	236,643	100.00	186,829	100.00	328,106	100.00

(Here follow side folio 5142, 5143 and 5144)

[fol. 5142]

Illinois Bell Telephone Company, Chicago Rate Case

Estimated Quantities of New Materials Required to be Delivered in 1932–1933–1934

Provisional Estimate for 1932—Summary of Statement "E"

Actual Figures and Percentages of Bell System Totals For Each Company

	700-701 P. B. X. Lines						740 P. B. X's				750 P. B. X's			
	1932		1933		1934		1932		1933		1932		1933	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
New Eng. Tel. & Tel. Co	4,500	8.22	1,700	8.81	5,075	8.67	50	21.01	60	19.54	355	16.15	380	15.52
So. New Eng. Tel. Co	1,280	2.33	1,690	3.17	1,790	3.06	23	9.67	27	8.79	80	3.64	85	3.47
New York Tel. Co	10,350	18.90	10,540	19.75	11,340	19.37	38	15.97	48	15.63	290	13.20	359	14.67
New Jersey Bell Tel. Co	2,700	4.93	800	1.50	700	1.19	6	2.52	6	1.95	175	7.96	175	7.15
Bell Tel. Co. of Pa	12,060	22.02	6,080	11.40	6,680	11.41	19	7.98	23	7.49	224	10.20	228	9.31
Diamond State Tel. Co	120	.22	120	.22	120	.20	2	.84	1	.33	18	.82	18	.74
Ches. & Pot. Tel. Co. of D. C	2,030	3.71	1,840	3.45	2,380	4.06	0		0		125	5.69	75	3.06
" " " " " B. C	480	.88	460	.86	0		0		1	.33	24	1.09	25	1.02
" " " " " Va	0		0		0		2	.84	2	.65	30	1.37	40	1.63
" " " " " W. Va	140	.25	100	.19	0		3	1.26	2	.65	10	.46	10	.41
So. Bell Tel. & Tel. Co	100	.18	705	1.32	865	1.48	9	3.78	10	3.26	45	2.05	64	2.62
Ohio Bell Tel. Co	3,220	5.88	4,630	8.68	4,765	8.14	7	2.94	8	2.61	65	2.96	70	2.86
Cinn. & Sub. Bell Tel. Co	640	1.17	575	1.08	300	.51	3	1.26	2	.65	20	.91	15	.61
Mich. Bell Tel. Co	1,000	1.82	1,200	2.25	2,000	3.42	6	2.52	6	1.95	50	2.28	100	4.09
Ind. Bell Tel. Co	300	.55	400	.75	500	.85	5	2.10	3	.98	33	1.50	25	1.02
Wis. Tel. Co	190	.35	200	.37	200	.34	6	2.52	8	2.61	75	3.41	110	4.49
Ill. Bell Tel. Co	6,450	11.78	7,500	14.06	7,500	12.81	12	5.04	29	9.45	220	10.01	262	10.70
Northwestern Bell Tel. Co	800	1.46	520	.97	670	1.14	4	1.68	5	1.63	47	2.14	52	2.12
Southwestern Bell Tel. Co	1,800	3.29	2,265	4.25	2,640	4.51	5	2.10	15	4.89	75	3.41	100	4.09
Mountain States T. & T. Co	1,076	1.96	800	1.50	850	1.45	10	4.20	12	3.91	70	3.19	90	3.68
Pacific T. & T. Co	5,530	10.10	8,230	15.42	10,180	17.39	28	11.77	39	12.70	166	7.56	165	6.74
Total	54,766	100.00	53,355	100.00	58,550	100.00	238	100.00	307	100.00	2,197	100.00	2,448	100.00

[fol. 5143]

4444b

EXHIBIT X-320

Illinois Bell Telephone Company, Chicago Rate Case

Data from Provisional Estimates Depreciation

Per Cent Retirements to Plant in Service at End of Preceding Year

Year 1923

	R. W.	Bldg.	C. O. Equipment			Sta. Equipment			Ex. P.	Ex. A. C.	Ex. A. W.	Ex. Cond.	Ex. U. G. C.	T. P.	T. A. C.	T. A. W.	T. Cond.	T. U. G. C.
			Man.	M. S.	Total	Man.	M. S.	Total										
Ill. Bell	2.1	4*	2.1	0		10.6	1		3.9	3.8	7.4	.4	1.6	4.5	1.2	4.5	.2	1.1
N. Eng. T. & T.	2	1*	1.6	0		10.8	2.6		2.6	4.5	5.5	.2	3.5	4.4	4.0	7.5		2.6
So. N. Eng. T. & T.	.6	3*	1.4	0		12.4	14.3		5.2	3.9	3.6	.4	2.9	5.5	.2	5.5		.4
N. Y. T.	.8	2*	1.1	1.0		12.8	2.8		2.7	1.9	2.7	.1	1.6	3.1	2	2.7		.2
B. of Pa. & Ass. Cos.	45	1.23*			1.92			9.1	5.17	4.8	6.05	.27	3.10	4.91	1.46	4.85	.24	1.17
C. & P. & Ass. Cos.	.6	4*	2.3	1.0		1.9	4.2		5.6	5.5	8.7	.2	2.8	4.5	2.7	2.4		1.0
So. B. T. & T. excl. Cum.			1.23			12.81	12.02		5.62	4.9	8.84		2.82	3.96	1.87	78		.54
Cum. T. & T.		.08*	1.52			13.53			4.48	5.82	6.48	.51	4.51	3.55	2.17	89		.47
Ohio B. T.	1.2	5.8*	6.1	16.3		20.0	8.0		3.6	4.0	10.5	.1	1.8	6.6	.7	5.7	0	1.7
Cin. & Sub. T.			.6			1.5			.5	.3	.5		.7					
Mich. Bell	0	5.9*	4.1	.1		17.0	14.4		3.9	5.6	13.7	.4	2.0	4.6	10.1	3.7	0	2.1
Ind. Bell		1.289*			1.572	9.541	7.128		3.093	6.944	10.983	.573	1.223	6.378		1.106		7.353
Wis. Tel.		5*	1.5			8.0			3.5	7.3	7.6	.1	1.7	3.0	.6	4.0		.5
N. W. Bell		07*			.66			8.59	3.03	3.74	7.59	.35	1.17	4.17	1.24	1.23	2.90	.87
S. W. Bell	18	31*			2.08			13.6	3.7	3.3	9.5	.089	1.6	6.67	2.30	1.90	5.9	6.88
Mt. States T. & T.		.53*	2.73	1.65		18.36	4.43		2.64	4.27	8.50	.39	2.43	2.84	21.88	1.08		
Pac. T. Sys. Excl. S. Cal	.7	4*	4.6	4.7				15.3	5.6	7.4	11.5	.2	1.5	6.0	.6	4.6	.4	4.1
So. Cal. T.	1.1	2*	.9	1.3				19.2	4.1	8.1	10.5	.2	1.1					
Kas. City T.		1.54*	3.16					19.26	2.63	2.46	7.86	.17	.83					

* Includes Land.

Illinois Bell Telephone Company, Chicago Rate Case

Data from Provisional Estimates Depreciation

Per Cent Retirements to Plant in Service at End of Preceding Year

Year 1924

[fol. 5144]

			C. O. Equipment			Sta. Equipment											
	R. W.	Bldg.	Man.	M. S.	Total	Man.	M. S.	Total	Ex. P.	Ex. A. C.	Ex. A. W.	Ex. Cond.	Ex. U. G. C.	T. P.	T. A. C.	T. A. W.	T. Cond.	T. U. G. C.
Ill. Bell	1.10	.70	1.61	.....	.....	11.21	9.62	.....	3.21	3.79	7.12	.29	1.49	7.06	1.33	8.65	.24	.21
N. Eng. T. & T.	.32	.13	3.1	.02	.....	8.98	7.90	.....	2.75	4.36	5.79	.19	4.20	4.71	2.42	8.69	.03	1.02
So. N. Eng. T. & T.	.71	1.57	3.11	.....	.....	12.06	7.10	.....	5.17	2.95	3.14	.35	2.28	4.15	.18	5.60	.....	.27
N. Y. Tel.	1.16	2.17	.....	.....	.93	.....	.....	12.65	2.66	2.00	4.85	.05	1.75	2.27	.43	2.22	.....	.28
B. of Pa. & Ass. Cos.	.3	1.4	.....	.....	1.50	.....	.....	11.0	4.8	4.1	5.9	.4	3.1	4.1	1.4	3.8	.3	1.2
C. & P. & Ass. Cos.	.5	1.0	2.1	.....	.....	12.0	11.7	.....	7.5	6.8	10.1	.2	2.4	5.4	.6	2.7	.....	.2
So. B. T. & T. excl. Cum.	.85	.3	1.38	.....	.....	14.88	18.69	.....	4.96	5.08	9.25	.06	2.28	3.89	.94	.72	.....	1.97
Cum. T. & T.	.....	.69	1.4	.....	.....	13.21	.....	.....	3.72	6.82	7.28	.09	1.79	3.52	1.96	1.10	.....	2.40
Ohio B. T.	1.41	2.06	4.38	11.57	.....	16.35	10.72	.....	4.35	3.34	9.38	.25	.90	7.56	.76	5.58	5.88	2.34
Cin. & Sub. T.	.....	.01	.04	1.77	.....	.....	.40	.....	.41	.40	.....	.....	1.13	.02	.....	.....	.....	.....
Mich. Bell	3.4	.8	.....	.....	2.2	.....	.....	15.8	2.9	5.6	10.6	.3	1.7	.....	.....	.....	.....	.....
Ind. Bell	.57	.82	.....	.....	2.4	12.62	9.74	.....	6.8	10.14	17.8	.05	2.31	7.76	.....	3.82	.....	4.5
Wis. Tel.	.....	.81	1.37	.....	.....	12.15	.....	.....	3.71	7.24	9.67	.15	1.75	3.95	5.21	2.91	.....	1.24
N. W. Bell	.....	.05	.....	.....	.76	.....	.....	9.73	3.8	4.12	7.95	.56	1.19	3.32	.88	1.61	.....	5.28
S. W. Bell	1.11	.15	.....	.....	1.8	.....	.....	17.51	4.96	3.2	10.37	.23	1.67	5.68	1.46	1.72	5.71	5.72
Mt. States T. & T.	.....	6.19	3.21	3.04	.....	17.79	3.47	.....	2.36	3.99	8.61	.26	1.90	2.08	7.02	.67	.....	.....
Pac. T. Sys. excl. S. Cal.	.8	.75	5.39	3.89	.....	.....	.....	11.75	5.99	4.58	13.24	.23	1.42	4.98	.23	5.00	.....	2.86
So. Cal. T.	1.02	.17	5.73	5.59	.....	.....	.....	12.67	4.66	5.74	25.89	.17	1.13	.....	.....	.....	.....	.....
Kas. C. T.	.....	.75	.....	.....	1.18	.....	.....	8.54	3.66	3.66	4.88	.....	.42	.....	.....	.....	.....	.....

Depreciation Data from Provisional Estimates

Associated Bell Companies
Depreciation Rates

(Form A—Accts. 340, 608, 609 as % of Average Plant in Service Including No. 261)

	1923	1924	1924	1926	1927	1928	1929	1930	1931	1932	1933	1934
Illinois Bell												
From 1923 Est. (excl. Acct. 211).	***5.20	5.20	5.20	5.30	5.30	....	....	....	....	....	....	....
1924	**5.13	***5.06	5.08	5.10	5.09	5.16	....	....	....	....	....	....
1925	*5.11	**4.84	***4.90	4.90	4.89	4.90	4.91	....	....	....	....	....
1926	*5.11	*4.81	**4.86	***4.88	4.91	4.90	4.93	4.94	....	....	....	....
1927	*5.11	*4.81	*4.88	**4.93	***4.91	4.94	4.97	4.98	5.01	....	....	....
1928	*5.11	*4.81	*4.88	*4.92	**4.94	***4.96	4.99	4.99	5.01	5.04	....	....
1929	....	*4.81	*4.88	*4.92	*4.93	**4.98	***4.97	4.98	4.99	4.99	4.99	....
1930	....	....	*4.88	*4.92	*4.93	*4.97	**4.82	***4.80	4.79	4.76	4.74	4.74
1931 (excl. Acct. 211)	....	....	....	....	....	....	*4.93	**4.93	***4.93	4.92	4.91	....
New England T. & T.												
From 1925 Est	*4.81	**4.74	***4.76	4.76	4.77	4.78	4.79	....	....	....	....	....
1930	....	....	*4.77	*4.57	*4.57	*4.58	**4.19	***4.18	4.18	4.19	4.19	4.19
New York Tel. Co.												
From 1925 Est	*5.02	**4.97	***4.99	5.02	5.00	5.00	5.00	....	....	....	....	....
1931	....	....	*5.03	*4.96	*4.94	*4.97	*4.72	**4.68	***4.64	4.60	4.58	4.59
New Jersey Bell												
From 1931 Est	....	....	....	....	....	....	*4.70	**4.68	***4.66	4.61	4.57	....
Ohio Bell Tel. Co.												
From 1925 Est	*5.24	**5.24	***5.24	5.26	5.27	5.28	5.28	....	....	....	....	....
1930	....	....	*5.25	*5.28	*5.15	*5.17	**5.52	***5.48	5.42	5.35	5.28	5.20

Illinois Bell Telephone Company—Chicago Rate Case—Continued

	1923	1924	1924	1926	1927	1928	1929	1930	1931	1932	1933	1934
Indiana Bell Tel. Co.												
From 1925 Est.	*4.88	**5.88	***5.71	5.71	5.71	5.71	5.71	....	....	....	....	....
1930	....	....	*5.69	*5.65	*5.51	*5.50	**5.51	***5.46	5.38	5.31	5.28	5.23
Michigan Bell Tel. Co.												
From 1925 Est.	*5.17	**5.22	***5.18	5.12	5.07	5.04	5.02	....	....	....	....	....
1930	....	....	*5.18	*5.02	*5.11	*5.25	**5.25	***5.32	5.25	5.21	5.15	5.08
1931	....	....	....	....	....	....	*5.49	**5.55	***5.54	5.52	5.49	....
Wisconsin Tel. Co.												
From 1925 Est.	*4.91	**4.83	***4.83	4.83	4.83	4.83	4.83	....	....	....	....	....
1930	....	....	*4.79	*4.77	*4.75	*4.77	**4.34	***4.33	4.31	4.30	4.30	4.30
N. W. Belf Tel. Co.												
From 1925 Est. (1930=5.31)	*5.00	**5.00	***5.00	5.00	5.00	5.00	5.00	....	....	....	....	....
1930	....	....	*5.00	*4.98	*4.91	**4.88	**4.72	***4.71	4.71	4.66	4.65	4.67
1931	....	....	....	....	....	....	*4.96	**4.88	***4.90	4.88	4.87	....

* Actual.
** Last 3 months estimated.
*** This and later years estimated.

Illinois Bell Telephone Company—Chicago Rate Case

Depreciation Data from Provisional Estimates

Associated Bell Companies
Depreciation Rates

(Form A—Accts. 340, 608, 609 as % of Average Plant in Service Including No. 261)

	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934
Pacific T. & T. Co.												
From 1925 Est.	*5.30	**4.97	***4.98	4.91	4.93	4.93	4.93	....	....	....	....	....
1930	....	....	*4.98	*4.61	*4.81	*4.81	**4.81	***4.92	4.93	4.92	4.91	4.89
1931	....	....	....	....	....	....	*5.01	**5.17	***5.13	5.12	5.12	....
Mountain States T. & T. Co.												
From 1925 Est.	*5.18	**5.20	***5.20	5.19	5.19	5.19	5.18	....	....	....	....	....
1930	....	....	*5.29	*5.22	*5.20	*5.15	**4.89	***4.88	4.87	4.88	4.87	4.87
1931	....	....	....	....	....	....	*5.20	**5.00	***4.89	4.89	4.89	....
S. W. Bell Tel. Co.												
From 1925 Est.	*5.08	**5.08	***5.08	5.05	4.96	4.96	4.97	....	....	....	....	....
1930	....	....	*5.07	*5.06	*5.07	*5.64	**5.33	***5.26	5.21	5.16	5.12	5.09
1931	....	....	....	....	....	....	*5.57	**5.54	***5.47	5.44	5.41	....
Southern Bell Tel. Co.												
From 1925 Est.	*5.05	**5.25	***5.25	5.25	5.25	5.25	5.26	5.27	....	....	....	....
1930	....	....	*5.38	*5.31	*5.18	*5.16	**5.35	***5.28	5.21	5.16	5.11	5.07
1931	....	....	....	....	....	....	*5.59	**5.52	***5.48	5.43	5.39	....

Illinois Bell Telephone Company—Chicago Rate Case—Continued

	1923	1924	1924	1926	1927	1928	1929	1930	1931	1932	1933	1934
Ches. & Pot. Tel. Co.												
From 1925 Est	*5.08	**4.99	***4.99	5.00	5.00	5.00	5.00	....	....	....	....	....
1930	....	....	*4.44	*4.43	*4.35	*4.42	**4.44	***4.39	4.34	4.34	4.34	4.22
1931	....	....	....	....	....	....	*4.71	**4.61	***4.58	4.57	4.55	....
Bell of Pa.												
From 1925 Est	*4.78	**4.66	***4.68	4.71	4.69	4.72	4.71	....	....	....	....	....
1930	....	....	....	....	....	....	....	***4.60	4.54	4.49	4.45	4.41
1931	....	....	....	....	....	....	*4.97	**4.91	***4.86	4.81	4.71	....
A. T. & T. Long Lines												
From 1925 Est	*4.26	**4.45	***4.45	4.40	4.40	4.40	4.40	....	....	....	....	....
1930	....	....	*4.99	*5.11	*5.20	*5.27	**5.19	***5.09	5.00	4.98	4.98	4.97
1931 (excl. Acct. 211)	....	....	....	....	....	....	*5.53	**5.39	***5.14	5.13	5.15	....

* Actual.
** Last 3 months estimated.
*** This and later years estimated.

[fol. 5147]

EXHIBIT X-321

Illinois Bell Telephone Company—Chicago Exchange

	Independent Class A, B, C	Percent Independent of Total	Bell System	Percent Bell of Total	Total
Number of Central Iffices	3,747	36.3	6,585	63.7	10,332
Number of Stations	2,091,082	11.8	15,682,059	88.2	17,773,141
Fixed Capital	352,229,684	7.9	4,146,149,003	92.1	4,498,378,687
Capital Stock	161,736,059	6.3	2,413,768,502	93.7	2,575,504,561
Funded Debt	121,040,203	9.8	1,115,592,223	90.2	1,236,962,426
Total Assets	406,657,587	7.5	5,000,195,801	92.5	5,406,853,388
Revenues—Exchange	60,378,667	7.7	728,709,193	92.3	789,087,860
Revenues—Toll	18,162,013	5.0	348,541,203	95.0	366,703,216
Revenues—Miscellaneous	1,616,820	5.7	26,689,409	94.3	28,306,229
Revenues—Total Operating	80,157,500	6.8	1,103,939,805	93.2	1,184,097,305
Revenues—Other	1,204,321	2.5	47,626,208	97.5	48,830,529
Revenues—Total	81,361,821	6.6	1,151,566,013	93.4	1,232,927,834
Expenses					
Maintenance	12,586,979	6.2	191,056,987	93.8	203,643,966
Depreciation	12,331,388	6.3	182,400,230	93.7	194,731,618
Traffic	14,256,077	6.0	225,291,129	94.0	239,547,206
Commercial	5,709,851	5.1	106,347,376	94.9	112,057,227
General	6,408,869	8.7	67,653,358	91.3	74,062,227
Uncollectible	557,134	5.8	9,056,624	94.2	9,613,758
Taxes	5,769,018	6.3	86,291,070	93.7	92,060,088
Deductions, Rents, etc	1,198,328	7.1	15,594,814	92.9	16,793,142
Total	58,817,644	6.2	883,691,588	93.8	942,509,232
Available for Dep. Int. & Div.	33,548,404	6.9	450,274,655	93.1	483,823,059
Available for Int. & Div	21,217,016	7.3	267,874,425	92.7	289,091,441
Available for Div	14,842,664	6.9	201,645,905	93.1	216,488,569

Comparison of Bell and Independent Telephones in 52 Largest Cities in the United States, January 1, 1931

Totals: Bell and Independent Exchanges			Independent Exchanges		
Exchange	***Population	Number of Telephones	Exchange	Population	Number of Telephones
New York	7,014,900	1,786,270	Philadelphia	1,950,961	57,000*
Chicago	3,424,000	981,325			
Los Angeles	1,320,000	401,887			
Total 8 Cities over 1,000,000 population	19,602,800	4,875,830			
Pittsburgh	987,300	231,435			
Milwaukee	725,100	158,003	Rochester, N. Y.	328,132	89,533**
San Francisco	653,300	262,470			
Washington	508,500	172,998			
Total 10 cities with population between 500,000 & 1,000,000	6,927,700	1,605,282	St. Paul	271,606	84,000
Minneapolis	497,600	133,477			
Seattle	403,900	128,447			
Denver	290,100	[illegible],965			
Omaha	228,800	67,102			
Total 34 Cities with population 200,000 & 500,000	10,228,400	2,204,289			
Total 52 Cities with more than 200,000 population	36,758,900	8,685,400			

*** City or Exchange Area.

* Includes Camden, N. J., Chester, Pa., and 14 small exchanges in competition with a Bell Exchange.

** Includes Rochester and 36 small exchanges.

(Here follows side folios 5149, 5150 and 5151)

[fol. 5149]

EXHIBIT X-322

Illinois Bell Telephone Company, Chicago Division

Analysis of Account 510—Message Tolls

Eight Years—January 1, 1923 to December 31, 1930

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
American Telephone & Telegraph Co. Tolls:								
Commissions on A. T. & T. Co. Messages	$257,243.64	$373,918.07	$416,203.49	$462,441.82	$514,853.23	$593,397.67	$717,622.13	$741,360.20
Prorate on Suburban Division Messages	110.16	110.16	820.38	1,554.35	2,067.82	3,310.59	4,234.03	5,202.80
Prorate on Illinois Division Messages	.....	.....	.....	1,200.76	1,257.28	1,487.58	1,808.31	2,015.51
Total American Telephone & Telegraph Co. Tolls	257,353.80	374,028.23	417,023.87	465,196.93	518,178.33	598,195.84	723,664.47	748,578.51
Illinois Bell Telephone Co. Tolls:								
Originating Commissions and Mileage Prorate:								
Chicago to Suburban Divisions	1,001,787.31	1,144,141.07	1,355,931.46	2,087,784.06	2,346,420.34	2,622,016.85	2,904,337.82	2,958,137.17
Chicago to Illinois Division	53,050.33	57,187.86	122,312.02	157,250.55	199,578.31	219,679.46	244,490.11	235,496.03
Mileage Prorate:								
Suburban Divisions to Chicago and Suburban	731,951.67	842,997.27	1,009,488.13	795,232.38	885,694.84	990,512.44	1,069,063.34	1,083,216.19
Illinois Division to Chicago	16,298.79	17,252.92	33,172.57	44,429.11	53,747.73	60,892.25	70,333.36	63,086.68
Through Message Prorate:								
Suburban Divisions to Illinois Division	797.86	884.17	1,347.95	4,531.67	5,537.98	6,413.55	7,194.30	7,164.79
Illinois Division to Suburban Divisions	730.08	786.51	1,167.72	4,117.78	4,964.07	5,476.42	6,223.03	6,158.87
Total Illinois Bell Telephone Co. Tolls	1,804,616.04	2,063,249.80	2,523,419.85	3,093,345.55	3,495,943.27	3,904,990.97	4,301,641.96	4,353,259.73
Associated Telephone Company Tolls:								
Originating Commissions and Mileage Prorate:								
Indiana Bell Telephone Company	1,388.39	1,373.91	1,008.40	4,748.26	15,443.31	23,603.16	26,325.95	25,565.76
Southwestern Bell Telephone Company	.....	.....	.....	1,189.34	5,640.06	4,010.67	4,601.32	4,577.89
Wisconsin Telephone Company	22,964.94	24,305.71	27,101.13	33,329.19	38,520.66	39,497.97	41,990.86	38,496.37
Total Associated Telephone Co.'s Tolls	24,353.33	25,679.62	28,109.53	39,266.79	59,604.03	67,111.80	72,918.13	68,640.02
Subscribers' and Miscellaneous Adjustments	2,418.18*	2,864.23*	579.10	4,929.69	10,441.87	6,812.87*	240.38	394.83*
Use of Long Lines Plant Billed A. T. & T. Co	628,048.79	716,045.66	811,573.82	976,156.51	1,155,232.85	1,307,418.18	2,276,635.93	2,621,505.44
Operation of Long Lines Plant Billed A. T. & T. Co	.....	.....	.....	.....	.....	506,978.29	2,423,845.28	2,340,183.95
Total Account 510—Message Tolls	2,711,953.78	3,176,639.08	3,780,706.17	4,578,895.47	5,239,400.35	6,377,882.21	9,798,946.15	10,131,770.82

(*) Red figures.

[fol. 5150]

Illinois Bell Telephone Company, Chicago Division

Analysis of Account 512—Leased Toll Lines
Eight Years—January 1, 1923 to December 31, 1930

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
A. T. & T. Co. Special Terminal Loops for Special Contract Service	$3,315.54	$2,763.21	$2,989.47	$3,185.92	$3,761.60	$4,605.10	$6,018.45	$10,068.43
A. T. & T. Co. Special Terminal Loops for Other Than Special Contract Service		89.36	249.54	529.88	840.05	1,405.70	1,866.03	292.80
Subscribers for Leased Toll Lines	161,654.33	184,277.76	199,586.52	223,752.86	268,381.28	306,847.30	355,892.52	394,284.89
A. T. & T. Co. for Press News Transmission	769.73	714.96	697.85	799.98	1,220.94	88.32*	233.79	202.05
Short Period Talking Service				16.43	282.41	516.83	1,253.28	1,151.40
Radio Broadcasting Service					16,715.08	22,359.70	26,801.40	32,738.06
Special Circuits Furnished for Talking Purposes	1,802.43	155.33	47.66		70.20	1,387.44	3,972.17	2,498.90
Use of Long Lines Plant Billed A. T. & T. Co	21,169.71	8,418.75	3,630.23	4,392.85	23,764.79	27,543.80	48,193.89	56,519.08
Operation of Long Lines Plant Billed A. T. & T. Co						10,507.77	51,275.79	49,473.60
Total Account 512—Leased Toll Lines	188,711.74	196,419.35	207,201.27	232,677.92	315,036.35	375,085.32	495,507.32	547,229.21

* Red figures.

[fol. 5151]

Illinois Bell Telephone Company, Chicago Division

Analysis of Account 514—Telegraph Service on Toll Lines and Account 516—Other Toll Lines Revenues
Eight Years—January 1, 1923 to December 31, 1930

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Account 514—Telegraph Service on Toll Lines:								
A. T. & T. Co. Special Terminal Loops for Special Contract Service	$53,461.61	$55,025.18	$63,502.57	$64,668.09	$64,550.98	$70,487.34	$80,646.66	$99,131.32
A. T. & T. Co. Special Terminal Loops for Other Than Special Contract Service	1,366.11	866.06	892.67	1,062.85	2,390.15	2,639.81	4,316.09	2,204.69
Subscribers for Telegraph Service on Toll Lines	283.86	231.35	454.17	780.19	632.11	514.98	684.40	2,952.69
Telegraph Service on Toll Lines (Miscel. Accts. Receivable)	.....	.....	.....	389.25	1,543.47	1,951.44	2,081.60	2,901.84
Teletypewriter Service	.....	.....	.....	845.74	3,357.92	5,034.36	7,091.12	10,658.05
A. T. & T. Co. for Press News Transmission	2,537.96	2,167.08	2,834.78	2,759.74	.....	.....	.....	.....
Use of Long Lines Plant Billed A. T. & T. Co.	84,678.84	109,507.37	128,873.00	155,945.47	187,477.77	217,289.96	382,751.02	447,747.97
Operation of Long Lines Plant Billed A. T. & T. Co	.....	.....	.....	.....	.....	83,968.25	407,024.44	392,841.59
Total Account 514—Telegraph Service on Toll Lines	142,328.38	167,797.04	196,557.19	226,451.33	259,952.40	381,886.14	884,595.33	958,438.15
Account 516—Other Toll Line Revenues:								
Use of Long Lines Plant Billed A. T. & T. Co.	.....	.....	.....	22,837.48	14,586.08	14,781.89	16,670.04	15,676.18
Operation of Long Lines Plant Billed A. T. & T. Co	.....	.....	.....	.....	.....	5,038.14	19,598.29	14,199.27
Total Account 516—Other Toll Line Revenues	.....	.....	.....	22,837.48	14,586.08	19,820.03	36,268.33	29,875.45

[fol. 5152] EXTRACTS FROM EXHIBIT X-323, P. 4

June 15, 1932.

Merrimac Study, July 7, 1925

Breakdown of Annual Charge Percentages

Central Office Equipment:		
Interest	7.0%	
Insurance	0.1	
Taxes	2.0	
Depreciation	3.7	(14 Yrs., 16% Salv.) Int. 7%
	12.8%	
Private Branch Exchanges:		
Interest	7.0%	
Taxes	2.0	
Depreciation	6.4	(7 Yrs., 45% Salv.) Int. 7%
	15.4%	
Substations:		
Manual:		
Interest	7.0%	
Taxes	2.0	
Depreciation	3.5	(5 Yrs., 70% Salv. of Appar.) Int. 7%
	12.5%	
Dial:		
Interest	7.0%	
Taxes	2.0	
Depreciation	4.0	(5 Yrs., 70% Salv. of Appar.) Int. 7%
	13.0%	

RJF: MF.

[fol. 5153] EXTRACTS FROM EXHIBIT X-324, P. 4

June 15, 1932

Longbeach Study, September 20, 1926

Breakdown of Annual Charge Percentages

Central Office Equipment:		
Interest	7.0%	
Insurance	0.1	
Taxes	2.0	
Depreciation	3.7	(14 Years, 16% Salv.)
	12.8%	
Private Branch Exchanges:		
Interest	7.0%	
Taxes	2.0	
Depreciation	6.4	(7 Years, 45% Salv.)
	15.4%	
Substations:		
Manual:		
Interest	7.0%	
Taxes	2.0	
Depreciation	3.0	(5 Years, 70% Salv. of Appar.)
	12.0%	
Dial:		
Interest	7.0%	
Taxes	2.0	
Depreciation	3.7	(5 Years, 70% Salv. of Appar.)
	12.7%	

RJF: MF.

[fol. 5154] EXHIBIT X-325

Example #1

Date	Investment (gross additions)	Dollar years	Life	Date of retirement
Jan. 1, 1926.....	$10,000	$140,000	14 Yrs.	Jan. 1, 1940
Jan. 1, 1931.....	40,000	360,000	9 Yrs.	Jan. 1, 1940
Total	50,000	500,000	10 Yrs.	(Average Life)

Depreciation Accruals on Original Investment of $10,000 Based on Average Life of Ten Years, no Salvage, and Annual Depreciation Rate of Ten per Cent

Year	Investment (1st unit only)	Depreciation rate	Annual depreciation expense	Total accumulated depreciation to Dec. 31st	
				Amount	Per Cent of investment
1926.....	$10,000	10%	$1,000	$1,000	10%
1927.....	10,000	10%	1,000	2,000	20%
1928.....	10,000	10%	1,000	3,000	30%
1929.....	10,000	10%	1,000	4,000	40%
1930.....	10,000	10%	1,000	5,000	50%
1931.....	10,000	10%	1,000	6,000	60%
1932.....	10,000	10%	1,000	7,000	70%
1933.....	10,000	10%	1,000	8,000	80%
1934.....	10,000	10%	1,000	9,000	90%
1935.....	10,000	10%	1,000	10,000	100%
1936.....	10,000	10%	1,000	11,000	110%
1937.....	10,000	10%	1,000	12,000	120%
1938.....	10,000	10%	1,000	13,000	130%
1939.....	10,000	10%	1,000	14,000	140%

[fol. 5155] Example #2

Date	Investment (gross additions)	Dollar years	Life	Date of retirement
Jan. 1, 1926.....	$10,000	$80,000	8 Yrs.	Jan. 1, 1934
Jan. 1, 1931.....	15,000	45,000	3 Yrs.	Jan. 1, 1934
Total	25,000	125,000	5 Yrs.	(Average Life)

Depreciation Accruals on Original Investment of $10,000 Based on Average Life of Five Years, no Salvage, and Annual Depreciation Rate of Twenty per Cent

Year	Investment (1st unit only)	Depreciation rate	Annual depreciation expense	Total accumulated depreciation to Dec. 31st	
				Amount	Per Cent of investment
1926.....	$10,000	20%	$2,000	$2,000	20%
1927.....	10,000	20%	2,000	4,000	40%
1928.....	10,000	20%	2,000	6,000	60%
1929.....	10,000	20%	2,000	8,000	80%
1930.....	10,000	20%	2,000	10,000	100%
1931.....	10,000	20%	2,000	12,000	120%
1932.....	10,000	20%	2,000	14,000	140%
1933.....	10,000	20%	2,000	16,000	160%

[fol. 5156]

EXHIBIT X-326

Example #3

Date	Investment (gross additions)	Dollar years	Life	Date of retirement
Jan. 1, 1926.....	$10,000	$80,000	8 Yrs.	Jan. 1, 1934
Jan. 1, 1931.....	40,000	120,000	3 Yrs.	Jan. 1, 1934
Total	50,000	200,000	4 Yrs. (Average Life)	

Depreciation Accruals on Original Investment of $10,000 Based on Average Life of Four Years, no Salvage, and Annual Depreciation Rate of 25 per Cent

Year	Investment (1st unit only)	Depreciation rate	Annual depreciation expense	Total accumulated depreciation to Dec. 31st	
				Amount	Per Cent of investment
1926.....	$10,000	25%	$2,500	$2,500	25%
1927.....	10,000	25%	2,500	5,000	50%
1928.....	10,000	25%	2,500	7,500	75%
1929.....	10,000	25%	2,500	10,000	100%
1930.....	10,000	25%	2,500	12,500	125%
1931.....	10,000	25%	2,500	15,000	150%
1932.....	10,000	25%	2,500	17,500	175%
1933.....	10,000	25%	2,500	20,000	200%

[fol. 5157]

EXHIBIT X-327

List of Exchanges in Illinois Shown in Exhibit A-68

Name of Company	Controlling Corporation	Where Applicable	Stations Per Exchange	Total Company Stations
			December 31, 1931	
Automatic Home Telephone Co.	*Telephone Bond & Share Co. 62.98% Illinois Bell Telephone Co. 34.90%	Pontiac	1811	1811
The Boynton Telephone Co.	*Telephone Bond & Share Co. 100%	New Berlin	254	
		Pleasant Plains	250	504
Home Telephone Co.	*Telephone Bond & Share Co. 100%	Bluffs	245	
		Meredosia	69	314
The Illinois Telephone Co.	*Telephone Bond & Share Co. 62.1% Illinois Bell Telephone Co. 37.6%	Greenfield	444	
		Roodhouse	529	
		White Hall	541	8231
Illinois Valley Telephone Co.	*Telephone Bond & Share Co.	Bushnell	794	
		Camp Point	281	
		Mt. Sterling	484	
		Vermont	214	
		Versailles	125	2390
Streator Telephone Co.	*Telephone Bond & Share Co. 99.9%	Grand Ridge	262	
		Groveland	136	
		Mackinaw	194	
		Minier	307	
		Morton	564	
		Standford	267	
		Streator	3719	
		Tremont	436	5885
Wabash Telephone Co.	*Wash Telephone Securities Co. 83.3% Illinois Bell Telephone Co. 16.7%	Bloomington	9448	
		Normal	1463	14793

* Telephone Bond and Share Company and Wabash Telephone Securities Company are both Theodore Cary Interests.

[fol. 5158]

EXHIBIT X-328

Illinois Bell Telephone Company, Chicago Division

Comparison of Revenues and Expenses and Return on Average Fixed Capital and Materials and Supplies, Less Accrued Depreciation, Year Ended December 31, 1931

	Total Chicago Division	Chicago Division Intrastate	Chicago Division Intrastate Exchange
Revenues:			
Exchange Service Revenues	$52,458,155	$51,792,964	$50,471,229
Toll Service Revenues	11,082,374	4,130,527	18,018
Miscellaneous Telephone Oper. Revenues	1,056,016	1,050,286	1,050,286
Miscellaneous Revenues	22,793	22,573	22,068
Gross Revenues	64,619,338	56,996,350	51,561,601
Less—Licensee Revenues—Dr.	931,652	834,199	758,829
Total Telephone Operating Revenues	63,687,686	56,162,151	50,802,872
Expenses:			
Traffic Expenses	13,986,434	11,735,794	10,540,816
Commercial Expenses	6,920,145	6,490,175	5,534,184
General and Miscellaneous Expenses	3,004,322	2,690,039	2,445,809
Current Maintenance	11,546,082	10,842,053	10,351,339
Depreciation	9,146,268	8,121,135	7,558,432
Taxes, Assignable to Operations (b)	8,258,505	7,339,735	6,689,352
Other Expenses and Deductions	794,004	685,265	553,695
Total Expenses	53,655,760	47,904,196	43,673,627
Balance	10,031,926	8,257,955	7,129,245
Net Compensation to Chicago for Use of Chicago Properties for "Other Than Chicago" Purposes and Use of State Area Properties for Chicago Purposes	236,661	236,661	236,661
Balance Available for Return (c)	10,268,587	8,494,616	7,365,906

EXHIBIT X-328—Continued

	Total Chicago Division	Chicago Division Intrastate	Chicago Division Intrastate Exchange
Average Fixed Capital	193,354,389	175,710,631	162,558,786
Average Materials and Supplies	224,433	203,648	188,393
Average Fixed Capital and Materials & Supplies	193,578,822	175,914,279	162,747,179
Average Accrued Depreciation (a)	53,206,146	48,351,038	44,731,989
Average Fixed Capital & Materials & Supplies, Less Accrued Depreciation	140,372,676	127,563,241	118,015,190
Percent of Return on Fixed Capital	5.31%	4.83%	4.53%
Percent of Return on Fixed Capital and Materials and Supplies	5.30%	4.83%	4.53%
Percent of Return on Fixed Capital, Less Accrued Depreciation	7.33%	6.67%	6.25%
Percent of Return on Fixed Capital & Materials and Supplies, Less Accrued Depreciation	7.32%	6.66%	6.24%

(a) As represented by Reserve for Accrued Depreciation and Reserve for Amort. of Intangible Capital.
(b) Based on Accrued Taxes; Plaintiff's Exhibit A-49 Shows Tax Payments.
(c) This Showing of Return on Investment is Prepared on the Same Basis as the Statements for All Licensee Companies, Using the Figures Shown in Plaintiff's Exhibit A-49 and A-53, Except as Indicated by Notes (a) and (b) Above.

(Here follow side folios 5159-5167)

[fol. 5159]

Illinois Bell Telephone Company, Chicago Division

Comparison of Revenues and Expenses and Return on Average Fixed Capital and Materials and Supplies, Less Accrued Depreciation, Years 1923, to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
Revenues:								
Exchange Service Revenues	$36,342,226	38,673,758	41,216,290	44,305,629	47,391,951	50,244,523	53,798,200	54,252,120
Toll Service Revenues	3,042,994	3,540,856	4,184,465	5,060,862	5,828,975	7,154,674	11,215,317	11,667,314
Miscellaneous Telephone Operating Revenues	673,049	794,372	786,646	778,130	717,626	901,521	1,259,632	1,225,566
Miscellaneous Revenues	127,125	121,368	112,912	133,325	164,188	144,406	28,856	37,742
Gross Revenues	$40,185,394	43,080,354	46,300,313	50,277,946	54,102,740	58,445,124	66,302,005	67,182,742
(Less) Licensee Revenues—Dr.	1,724,251	1,860,438	1,987,535	1,935,878	2,085,720	1,104,893	931,296	968,222
Total Telephone Operating Revenues	$38,461,143	41,219,916	44,312,778	48,342,068	52,017,020	57,340,231	65,370,709	66,214,520
Expenses:								
Traffic Expenses	$13,192,673	13,331,424	13,857,311	14,428,799	14,044,454	14,933,228	17,282,213	16,286,413
Commercial Expenses	4,202,273	4,693,821	4,867,507	5,085,148	5,701,970	6,205,153	6,519,559	6,980,193
General and Miscellaneous Expenses	1,063,194	1,101,412	1,091,053	1,192,965	1,806,330	2,189,368	2,309,744	2,616,350
Current Maintenance	5,901,733	6,326,331	6,876,588	8,084,707	9,259,854	10,487,500	11,600,720	12,160,981
Depreciation	4,480,954	4,709,950	5,385,712	6,203,023	6,839,392	7,641,460	8,120,382	8,769,886
Taxes, Assignable to Operations (b)	3,674,933	3,996,097	4,585,718	5,317,937	6,021,746	6,615,517	7,944,954	7,920,818
Other Expenses and Deductions	284,506	436,782	532,463	400,906	583,098	727,128	659,924	656,914
Total Expenses	$32,800,266	34,595,317	37,196,352	40,713,485	44,256,844	48,799,354	54,497,496	55,391,555
Balance	$5,660,877	6,624,599	7,116,426	7,628,583	7,760,176	8,540,877	10,873,213	10,822,965
Net compensation to Chicago for use of Chicago properties for "Other than Chicago" purposes and use of State Area properties for Chicago purposes	259,941	277,665	313,261	174,858	144,041	188,016	217,842	221,691
Balance Available for Return (c)	$5,920,818	6,902,264	7,429,687	7,803,441	7,904,217	8,728,893	11,091,055	11,044,656
Average Fixed Capital	$92,811,249	105,513,839	118,740,547	133,704,654	148,212,139	162,449,631	176,024,193	186,971,863
Average Materials and Supplies	233,022	299,310	358,227	336,693	326,599	344,336	276,091	209,784
Average Fixed Capital and Materials and Supplies	$93,044,271	105,813,149	119,098,774	134,041,347	148,538,738	162,793,967	176,300,284	187,181,647
Average Accrued Depreciation (a)	27,791,419	30,764,839	33,925,190	37,726,473	41,913,778	46,873,241	48,204,767	50,120,687
Average Fixed Capital and Materials and Supplies, Less Accrued Depreciation	$65,252,852	75,048,310	85,173,584	96,314,874	106,624,960	116,920,726	128,095,517	137,060,960
Percent of Return on Fixed Capital	6.38%	6.54%	6.26%	5.84%	5.33%	5.37%	6.30%	5.91%
Percent of Return on Fixed Capital and Materials and Supplies	6.36%	6.52%	6.24%	5.82%	5.32%	5.36%	6.29%	5.90%
Percent of Return on Fixed Capital, Less Accrued Depreciation	9.11%	9.23%	8.76%	8.13%	7.44%	7.49%	8.68%	8.07%
Percent of Return on Fixed Capital and Materials and Supplies Less Accrued Depreciation	9.07%	9.20%	8.72%	8.10%	7.41%	7.47%	8.66%	8.06%

[fol. 5160]

Chicago Division—Intrastate

Revenues:								
Exchange Service Revenues	$35,861,063	38,256,244	40,728,460	43,809,832	46,838,250	49,606,179	53,087,404	53,536,622
Toll Service Revenues	1,828,914	2,100,548	2,477,668	2,976,666	3,395,072	3,800,457	4,225,964	4,321,661
Miscellaneous Telephone Operating Revenues	571,449	623,612	657,314	644,613	593,422	723,312	1,254,238	1,219,486
Miscellaneous Revenues	38,466	34,778	24,244	19,656	29,833	25,118	28,566	37,154
Gross Revenues	$38,299,892	41,015,182	43,887,686	47,450,767	50,856,577	54,155,066	58,596,172	59,114,923
(Less) Licensee Revenues—Dr.	1,662,014	1,787,095	1,901,069	1,845,571	1,980,880	1,036,616	834,276	864,131
Total Telephone Operating Revenues	$36,637,878	39,228,087	41,986,617	45,605,196	48,875,697	53,118,450	57,761,896	58,250,792
Expenses:								
Traffic Expenses	$12,963,776	13,107,030	13,616,386	14,172,189	13,767,646	14,151,601	14,487,678	13,621,881
Commercial Expenses	4,024,158	4,499,021	4,660,954	4,861,199	5,444,198	5,889,116	6,134,337	6,544,747
General and Miscellaneous Expenses	1,032,165	1,068,025	1,056,458	1,153,582	1,744,156	2,072,484	2,094,112	2,328,458
Current Maintenance	5,643,623	6,043,737	6,563,193	7,714,364	8,849,550	9,941,143	10,671,526	11,372,858
Depreciation	4,209,140	4,456,339	5,033,523	5,751,927	6,318,333	6,997,497	7,424,171	7,853,230
Taxes, Assignable to Operations (b)	3,429,005	3,718,015	4,245,697	4,896,091	5,514,444	6,036,473	7,152,578	7,043,684
Other Expenses and Deductions	248,419	383,407	472,949	343,690	504,322	616,585	525,245	555,135

Expenses:								
Traffic Expenses	$12,963,776	13,107,030	13,616,386	14,172,189	18,767,646	14,151,601	14,487,678	13,621,881
Commercial Expenses	4,024,158	4,499,021	4,660,954	4,861,199	5,444,198	5,889,116	6,134,337	6,544,747
General and Miscellaneous Expenses	1,032,165	1,068,025	1,056,458	1,153,582	1,744,156	2,072,484	2,094,112	2,328,458
Current Maintenance	5,643,623	6,043,737	6,563,193	7,714,364	8,849,550	9,941,143	10,671,526	11,372,858
Depreciation	4,209,140	4,456,339	5,038,523	5,751,927	6,318,333	6,997,497	7,424,171	7,853,230
Taxes, Assignable to Operations (b)	3,429,005	3,718,015	4,245,697	4,896,091	5,514,444	6,036,473	7,152,578	7,043,684
Other Expenses and Deductions	248,419	383,407	472,949	343,690	504,322	616,585	525,245	555,135
Total Expenses	$31,550,286	33,275,574	35,649,160	38,893,042	42,142,649	45,704,899	48,489,647	49,319,993
Balance	$5,087,592	5,952,513	6,337,457	6,712,154	6,733,048	7,413,551	9,272,249	8,930,799
Net compensation to Chicago for use of Chicago properties for "Other than Chicago" purposes and use of State Area properties for Chicago purposes	259,941	277,665	313,261	174,858	144,041	188,016	217,842	221,691
Balance Available for Return (c)	$5,347,533	6,230,178	6,650,718	6,887,012	6,877,089	7,601,567	9,490,091	9,152,490
Average Fixed Capital	$88,663,316	100,540,215	112,486,829	126,061,831	139,205,005	151,459,710	162,493,935	170,958,739
Average Materials and Supplies	222,618	284,533	338,324	316,963	306,108	319,489	253,664	190,933
Average Fixed Capital and Materials and Supplies	$88,885,934	100,824,748	112,825,153	126,378,794	139,511,113	151,779,199	162,747,599	171,149,672
Average Accrued Depreciation (a)	26,549,361	29,314,671	32,138,449	35,569,953	39,366,598	42,769,859	44,499,465	45,828,123
Average Fixed Capital and Materials and Supplies, less Accrued Depreciation	$62,336,573	71,510,077	80,686,704	90,808,841	100,144,515	109,009,340	118,248,134	125,321,549
Percent of Return on Fixed Capital	6.03%	6.20%	5.91%	5.46%	4.94%	5.02%	5.84%	5.35%
Percent of Return on Fixed Capital and Materials and Supplies	6.02%	6.18%	5.89%	5.45%	4.93%	5.01%	5.83%	5.35%
Percent of Return on Fixed Capital, Less Accrued Depreciation	8.61%	8.75%	8.28%	7.61%	6.89%	6.99%	8.04%	7.31%
Percent of Return on Fixed Capital and Materials and Supplies, Less accrued depreciation	8.58%	8.71%	8.24%	7.58%	6.87%	6.97%	8.03%	7.30%

[fol. 5161]

Chicago Division—Intrastate Exchange

Revenues:								
Exchange Service Revenues	$35,187,550	37,497,773	39,856,670	42,790,484	45,693,545	48,323,639	51,673,447	52,042,219
Toll Service Revenues								
Miscellaneous Telephone Operating Revenues	562,934	614,956	646,130	629,901	593,422	723,312	1,254,238	1,219,486
Miscellaneous Revenues	30,725	27,527	21,218	19,478	29,257	24,655	27,946	35,942
Gross Revenues	$35,781,209	38,140,256	40,524,018	43,439,863	46,316,224	49,071,606	52,955,631	53,297,647
(Less) Licensee Revenues—Dr.	1,558,559	1,668,213	1,762,140	1,695,347	1,812,145	944,026	757,072	782,801
Total Telephone Operating Revenues	$34,222,650	36,472,043	38,761,878	41,744,516	44,504,079	48,127,580	52,198,559	52,514,846
Expenses:								
Traffic Expenses	$12,298,447	12,422,269	12,861,116	13,265,949	12,804,628	13,115,081	13,216,005	12,320,929
Commercial Expenses	3,573,425	3,959,092	4,078,936	4,223,179	4,724,389	5,080,559	5,257,238	5,569,642
General and Miscellaneous Expenses	973,064	1,003,687	990,402	1,075,279	1,619,332	1,916,599	1,917,567	2,122,604
Current Maintenance	5,468,607	5,844,038	6,347,832	7,440,549	8,521,672	9,531,773	10,178,530	10,859,015
Depreciation	4,011,667	4,258,675	4,796,032	5,476,536	5,997,744	6,616,668	6,974,241	7,327,237
Taxes, Assignable to Operations (b)	3,194,736	3,444,824	3,905,239	4,459,245	5,001,531	5,472,894	6,494,940	6,379,994
Other Expenses and Deductions	208,136	317,635	385,557	277,530	404,324	470,738	397,077	430,421
Total Expenses	$29,728,082	31,250,220	33,365,114	36,218,267	39,073,620	42,204,312	44,435,598	45,009,842
Balance	$4,494,568	5,221,823	5,396,764	5,526,249	5,430,459	5,923,268	7,762,961	7,505,004
Net compensation to Chicago for use of Chicago properties for "Other than Chicago" purposes and use of State Area properties for Chicago purposes	259,941	277,665	313,261	174,858	144,041	188,016	217,842	221,691
Balance available for Return (c)	$4,754,509	5,499,488	5,710,025	5,701,107	5,574,500	6,111,284	7,980,803	7,726,695
Average Fixed Capital	$84,783,048	95,976,573	107,112,897	119,708,266	131,600,492	142,347,871	151,517,431	158,431,574
Average Materials and Supplies	212,875	271,196	321,892	300,465	288,668	299,325	235,475	176,653
Average Fixed Capital and Materials and Supplies	$84,995,923	96,247,769	107,434,789	120,008,731	131,889,160	142,647,196	151,752,906	158,608,227
Average Accrued Depreciation (a)	25,387,453	27,984,043	30,603,070	33,777,214	37,216,073	40,196,818	41,493,515	42,470,023
Average Fixed Capital and Materials and Supplies, Less Accrued								

Depreciation	4,011,667	4,258,675	4,796,032	5,476,556	5,997,744	6,616,608	6,974,241	7,527,257
Taxes, Assignable to Operations (b)	3,194,736	3,444,824	3,905,239	4,459,245	5,001,531	5,472,894	6,494,940	6,379,994
Other Expenses and Deductions	208,136	317,635	385,557	277,530	404,324	470,738	397,077	430,421
Total Expenses	$29,728,082	31,250,220	33,365,114	36,218,267	39,073,620	42,204,312	44,435,598	45,009,842
Balance	$4,494,568	5,221,823	5,396,764	5,526,249	5,430,459	5,923,268	7,762,961	7,565,004
Net compensation to Chicago for use of Chicago properties for "Other than Chicago" purposes and use of State Area properties for Chicago purposes	259,941	277,665	313,261	174,858	144,041	188,016	217,842	221,691
Balance available for Return (c)	$4,754,509	5,499,488	5,710,025	5,701,107	5,574,500	6,111,284	7,980,803	7,726,695
Average Fixed Capital	$84,783,048	95,976,573	107,112,897	119,708,266	131,600,492	142,347,871	151,517,431	158,431,574
Average Materials and Supplies	212,875	271,196	321,892	300,465	288,668	299,325	235,475	176,653
Average Fixed Capital and Materials and Supplies	$84,995,923	96,247,769	107,434,789	120,008,731	131,889,160	142,647,196	151,752,906	158,608,227
Average Accrued Depreciation (a)	25,387,453	27,984,043	30,603,070	33,777,214	37,216,073	40,196,818	41,493,515	42,470,023
Average Fixed Capital and Materials and Supplies, Less Accrued Depreciation	$59,608,470	68,263,726	76,831,719	86,231,517	94,673,087	102,450,378	110,259,391	116,138,204
Percent of Return on Fixed Capital	5.61%	5.73%	5.33%	4.76%	4.24%	4.29%	5.27%	4.88%
Percent of Return on Fixed Capital and Materials and Supplies	5.59%	5.71%	5.31%	4.75%	4.23%	4.28%	5.26%	4.87%
Percent of Return on Fixed Capital, less Accrued Depreciation	8.00%	8.09%	7.46%	6.63%	5.91%	5.98%	7.25%	6.66%
Percent of Return on Fixed Capital and Materials and Supplies, Less Accrued Depreciation	7.98%	8.06%	7.43%	6.61%	5.89%	5.97%	7.24%	6.65%

(a) As represented by Reserve for Accrued Depreciation and Reserve for Intangible Capital.
(b) Based on accruals for each year. Plaintiff's Exhibit A–49 shows tax payments.
(c) This showing of return on investment is prepared on the same basis as the statements for all Licensee Companies, using the figures shown in Plaintiff's Exhibit A–49, except as indicated by notes (a) and (b) above.

(Here follow side-folios 5162 and 5163)

EXHIBIT X-331

ILLINOIS BELL TELEPHONE COMPANY - CHICAGO DIVISION INTRASTATE

x-331

RETURN ON AVERAGE FIXED CAPITAL AND MATERIALS AND SUPPLIES, LESS AVERAGE ACCRUED DEPRECIATION IN EXCESS OF THE AVERAGE RETURN OF ALL LICENSEE COMPANIES OF AMERICAN TELEPHONE AND TELEGRAPH COMPANY DURING YEARS 1923 TO 1930, INCLUSIVE

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 1, 1930
(1) Per Cent Of Return On Average Fixed Capital And Materials And Supplies, Less Depreciation - Chicago Division Intrastate	8.56%	8.71%	8.64%	7.58%	6.87%	6.97%	6.03%	7.3-%
(2) Per Cent Of Return On Average Fixed Capital And Materials And Supplies, Less Depreciation - All Licensee Companies	6.71%	6.46%	7.16%	7.71%	7.85%	7.81%	7.84%	7.-3%
(3) Percentage Relation Of Item (2) To (1)	78.44%	74.31%	86.83%	101.72%	108.49%	112.05%	97.63%	96.30%
(4) Amount Of Recorded Return Under Present Rates - Chicago Division Intrastate	$ 5,347,533	$ 6,240,178	$ 6,650,718	$ 6,787,012	$ 6,877,089	$ 7,601,567	$ 9,830,031	$ 9,152,450
(5) Amount Of Required Return Under Present Rates, Chicago Division Intrastate, On Basis Of All Licensees (Item 3 Times Item 4)	4,194,695	4,824,981	5,118,809	7,445,469	7,457,515	8,517,556	5,765,176	8,813,848
(6) Excess Of Recorded Return Under Present Rates, Chicago Division Intrastate, Over Return Required On Basis Of All Licensees	1,152,928	1,609,255	871,909	118,457*	580,426*	915,989*	224,915	338,602
(7) Loss In Recorded Return Of Chicago Division Intrastate, Due To Attacked Rates	385,817	1,550,995	1,582,561	1,650,570	1,611,977	1,711,301	1,740,585	1,695,876
(8) Excess Of Recorded Return Under Attacked Rates, Chicago Division Intrastate, Over Return Required On Basis Of All Licensees	767,511	58,260	710,652*	1,769,027*	2,257,503*	2,628,290*	1,515,667*	1,307,236*
(9) Additional Return Of Chicago Division Intrastate, Due To Adjustment Of Interstate Separation	256,721	262,198	123,535	317,315	359,376	427,655	486,875	472,869
(10) Excess Of Adj. Return Under Attacked Rates, Chicago Division Intrastate, Over Return Required On Basis Of All Licensees	1,024,232	320,658	431,117*	1,451,112*	1,903,131*	2,201,635*	1,028,792*	834,767*
(11) Additional Return Of Chicago Division Intrastate, Due To Adjustment Of License Payments On Basis Of All Licensees	362,486	326,505	241,353	79,116	116,885	38,033*	61,686	72,614
(12) Excess Of Adjusted Return Under Attacked Rates, Chicago Division Intrastate, Over Return Required On Basis Of All Licensees	1,386,718	647,163	157,796*	1,371,996*	1,786,246*	2,239,678*	967,106*	762,153*
(13) Additional Return Of Chicago Division Intrastate, Due To Adjustment Of Depreciation Expense:								
(a) Depreciation Expense	597,132	1,914,018	1,562,392	2,205,814	2,860,112	3,561,852	3,888,445	4,069,162
(b) Less -Increase In Required Return Due To Change In Depreciation Reserve (Adjustment of Item 5)	20,228	63,873	199,516	356,939	511,569	809,569	1,939,976	1,997,518
(c) Net Adjustment	576,904	1,850,145	1,362,876	1,848,875	2,348,543	2,752,283	1,948,469	2,071,644
(14) Excess Of Adjusted Return Under Attacked Rates - Chicago Division Intrastate, Over Return On Basis Of All Licensees	1,963,622	1,976,157	1,205,080	474,879	562,298	513,609	1,019,363	2,833,977

*Red Figures.

ILLINOIS BELL TELEPHONE COMPANY - CHICAGO DIVISION INTRASTATE

RETURN ON AVERAGE FIXED CAPITAL AND MATERIALS AND SUPPLIES, LESS AVERAGE ACCRUED DEPRECIATION IN EXCESS OF THE AVERAGE RETURN OF OTHER LICENSEE COMPANIES OF AN AT&T TELEPHONE AND TELEGRAPH COMPANY DURING YEARS 1941 TO 1950, INCLUSIVE

	Year Ended Dec. 31, 1941	Year Ended Dec. 31, 1942	Year Ended Dec. 31, 1943	Year Ended Dec. 31, 1944	Year Ended Dec. 31, 1945	Year Ended Dec. 31, 1946	Year Ended Dec. 31, 1947	Year Ended Dec. 31, 1948
(1) Percent Of Return On Average Fixed Capital And Materials And Supplies, Less Depreciation - Chicago Division Intrastate	8.58%	8.71%	8.[illegible]%	7.58%	6.81%	6.91%	8.09%	7.[illegible]%
(2) Percent Of Return On Average Fixed Capital And Materials And Supplies, Less Depreciation - Other Licensee Companies	6.61%	6.54%	7.01%	7.[illegible]%	7.[illegible]%	7.17%	7.17%	6.[illegible]%
(3) Percentage Relation Of Item (2) To (1)	77.04%	75.06%	85.[illegible]%	[illegible]%	108.25%	111.76%	96.89%	95.62%
(4) Amount Of Recorded Return Under Present Rates - Chicago Division Intrastate	$ 5,347,533	$ 6,[illegible]	$ 6,65[illegible]	$ 6,68[illegible]	$ [illegible]	$ 7,604,567	$ [illegible]	$ 3,152,490
(5) Amount Of Required Return Under Present Rates, Chicago Division Intrastate, On Basis Of Other Licensees (Item 3 Times Item 4)	4,119,139	[illegible]	[illegible]	[illegible]	[illegible]	8,455,511	[illegible]	3,151,611
(6) Excess Of Recorded Return Under Present Rates, Chicago Division Intrastate, Over Return Required On Basis Of Other Licensees	1,227,794	1,[illegible]	349,[illegible]	[illegible]*	563,[illegible]*	833,[illegible]*	295,142	879
(7) Less In Recorded Return Of Chicago Division Intrastate, Due To Attached Rates	185,917	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(8) Excess Of Recorded Return Under Attached Rates, Chicago Division Intrastate, Over Return On Basis Of Other Licensees	841,377	158,566	638,[illegible]*	[illegible]*	[illegible]*	[illegible]*	[illegible]*	[illegible]*
(9) Additional Return Of Chicago Division Intrastate, Due To Adjustment Of Interstate Separation	456,721	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(10) Excess Of Adjusted Return Under Attached Rates, Chicago Division Intrastate, Over Return Required On Basis Of Other Licensees	[illegible]	[illegible]	[illegible]*	[illegible]*	[illegible]*	[illegible]*	[illegible]*	[illegible]*
(11) Additional Return Of Chicago Division Intrastate, Due To Adjustment of License Payments On Basis Of Other Licensees	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]*	[illegible]	[illegible]
(12) Excess Of Adjusted Return Under Attached Rates, Chicago Division Intrastate, Over Return Required On Basis Of Other Licensees	[illegible]	[illegible]	[illegible]*	[illegible]*	[illegible]*	[illegible]*	[illegible]	[illegible]*
(13) Additional Return Of Chicago Division Intrastate, Due To Adjustment Of Depreciation Expense:								
(a) Depreciation Expense	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(b) Less - Increase In Required Return, Due To Change In Depreciation Reserve (Adjustment of Item 5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(c) Net Adjustment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(14) Excess Of Adjusted Return UnderAttacked Rates - Chicago Division Intrastate, Over Return On Basis Of Other Licensees	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

*Red Figures

WH

[fol. 5164]

EXHIBIT X-332

Illinois Bell Telephone Company, Chicago Division Intrastate Exchange

Return on Average Fixed Capital and Materials and Supplies, Less Average Accrued Depreciation in Excess of the Average Return of Other Licensee Companies of American Telephone and Telegraph Company During Years 1923 to 1930, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930
(1) Per Cent of Return on Average Fixed Capital and Materials and Supplies, Less Depreciation—Chicago Division Intrastate Exchange	7.98%	8.06%	7.43%	6.61%	5.89%	5.97%	7.24%	6.65%
(2) Per Cent of Return on Average Fixed Capital and Materials and Supplies, Less Depreciation—Other Licensee Company	6.61%	6.32%	7.07%	7.68%	7.43%	7.79%	7.78%	6.98%
(3) Percentage Relation of Item (2) to Item (1)	82.83%	78.41%	95.15%	116.99%	126.15%	130.49%	107.46%	104.96%
(4) Amount of Recorded Return under present Rates—Chicago Division Intrastate Exchange	$4,754,509	$5,499,488	$5,710,025	$5,701,107	$5,574,500	$6,111,284	$7,980,803	$7,726,695
(5) Amount of Required Return under present Rates, Chicago Division Intrastate Exchange, On Basis of Other Licensees (Item 3 Times Item 4)	3,938,160	4,312,149	5,433,089	6,624,116	7,032,232	7,974,614	8,576,171	8,109,939
(6) Excess of Recorded Return under present Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of Other Licensees	816,349	1,187,339	276,936	923,009*	1,457,732*	1,863,330*	595,368*	383,244*
(7) Loss in Recorded Return of Chicago Division Intrastate Exchange, due to Attacked Rates	378,215	1,519,815	1,548,150	1,611,533	1,635,362	1,668,214	1,693,349	1,599,053
(8) Excess of Recorded Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return on Basis of Other Licensees	438,134	332,476*	1,271,214*	2,534,542*	3,093,094*	3,531,544*	2,288,717*	1,982,297*
(9) Additional Return of Chicago Division Intrastate Exchange, Due to Adjustment of Interstate Separation	731,750	778,837	902,779	1,018,633	1,146,483	1,352,860	1,538,167	1,551,597
(10) Excess of Adjusted Return under Present Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of Other Licensees	1,169,884	446,361	368,435*	1,545,909*	1,946,611*	2,178,684*	750,550*	430,700*
(11) Additional Return of Chicago Division Intrastate Exchange, Due to Adjustment of License Payments on Basis of Other Licensees	354,643	314,860	235,887	77,876	113,256	37,898*	64,393	75,454
(12) Excess of Adjusted Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of Other Licensees	1,524,527	761,221	132,548*	1,438,033*	1,833,355*	2,216,582*	686,157*	355,246*
(13) Additional Return of Chicago Division Intrastate Exchange, Due to Adjustment of Depreciation Expense:								
(a) Depreciation Expense	574,555	1,360,459	1,501,377	2,115,480	2,737,843	3,395,724	3,685,780	3,849,092
(b) Less—Increase in Required Return, due to Change in Depreciation Reserve (Adjustment of Item 5)	18,997	78,892	187,597	339,503	503,062	754,230	1,009,495	1,147,895
(c) Net Adjustment	555,558	1,281,567	1,313,780	1,775,977	2,234,781	2,641,494	2,676,285	2,701,197
(14) Excess of Adjusted Return under Attacked Rates—Chicago Division Intrastate Exchange, over Return on Basis of Other Licensees	2,079,085	2,042,788	1,181,232	337,944	401,426	424,912	1,990,128	2,345,951

[fol. 5165]

(1) Per Cent of Return on Average Fixed Capital and Materials and Supplies, Less Depreciation—Chicago Division Intrastate Exchange	7.98%	8.06%	7.43%	6.61%	5.89%	5.97%	7.24%	6.65%
(2) Per Cent of Return on Average Fixed Capital and Materials and Supplies, Less Depreciation—All Licensee Companies	6.73%	6.46%	7.16%	7.71%	7.45%	7.81%	7.84%	7.03%
(3) Percentage Relation of Item (2) to Item (1)	84.34%	80.15%	96.37%	116.64%	126.49%	130.82%	108.29%	105.71%
(4) Amount of Recorded Return under Present Rates—Chicago Division Intrastate Exchange	$4,754,509	$5,499,488	$5,710,025	$5,701,107	$5,574,500	$6,111,284	$7,980,803	$7,726,695
(5) Amount of Required Return under Present Rates, Chicago Division Intrastate Exchange, on Basis of All Licensees (Item 3 Times Item 4)	4,009,953	4,407,840	5,502,751	6,649,771	7,051,185	7,994,782	8,642,412	8,167,889
(6) Excess of Recorded Return under Present Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of All Licensees	744,556	1,091,648	207,274	948,664*	1,476,685*	1,883,498*	661,609*	441,194*
(7) Loss in Recorded Return of Chicago Division Intrastate Exchange, due to Attacked Rates	378,215	1,519,815	1,548,150	1,611,533	1,635,362	1,668,214	1,693,349	1,599,053
(8) Excess of Recorded Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return on Basis of All Licensees	366,341	428,167*	1,340,876*	2,560,197*	3,112,047*	3,551,712*	2,354,958*	2,040,247*
(9) Additional Return of Chicago Division Intrastate Exchange, due to Adjustment of Interstate Separation	731,750	778,837	902,779	1,018,633	1,146,483	1,352,860	1,538,167	1,551,597
(10) Excess of Adjusted Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of All Licensees	1,098,091	350,670	438,097*	1,541,564*	1,965,564*	2,198,852*	816,791*	488,650*
(11) Additional Return of Chicago Division Intrastate Exchange, due to Adjustment of License Payments on Basis of All Licensees	345,386	306,446	225,593	69,101	104,210	38,398*	55,299	65,468
(12) Excess of Adjusted Return under Attacked Rates, Chicago Division Intra-								

(10) Excess of Adjusted Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of All Licensees	1,098,091	350,670	438,097*	1,541,564*	1,965,564*	2,198,852*	816,791*	488,650*
(11) Additional Return of Chicago Division Intrastate Exchange, due to Adjustment of License Payments on Basis of All Licensees	345,386	306,446	225,593	69,101	104,210	38,398*	55,299	65,468
(12) Excess of Adjusted Return under Attacked Rates, Chicago Division Intrastate Exchange, over Return Required on Basis of All Licensees	1,443,477	657,116	212,504*	1,472,463*	1,861,354*	2,237,250*	761,492*	423,182*
(13) Additional Return of Chicago Division Intrastate Exchange, due to Adjustment of Depreciation Expense:								
(a) Depreciation Expense	574,555	1,360,459	1,501,377	2,115,480	2,737,843	3,395,724	3,685,780	3,849,092
(b) Less—Increase in Required Return, due to Change in Depreciation Reserve (Adjustment of Item 5)	19,342	80,640	189,985	340,829	504,416	756,166	1,017,280	1,156,118
(c) Net Adjustment	555,213	1,279,819	1,311,392	1,774,651	2,233,427	2,639,558	2,668,500	2,692,974
(14) Excess of Adjusted Return under Attacked Rates—Chicago Division Intrastate Exchange, over Return on Basis of All Licensees	1,998,690	1,936,935	1,098,888	302,188	372,073	402,308	1,907,008	2,269,792

* Red figures.

(Here follow side folios 5166 and 5167)

EXHIBIT X-334

X-334

ILLINOIS BELL TELEPHONE COMPANY - CHICAGO DIVISION

RETURN ON AVERAGE FIXED CAPITAL AND MATERIALS AND SUPPLIES, LESS AVERAGE ACCRUED DEPRECIATION IN EXCESS OF THE AVERAGE RETURN OF ALL LICENSEE COMPANIES OF AMERICAN TELEPHONE AND TELEGRAPH COMPANY DURING YEAR 1951

	Chicago Division	Chicago Division Intrastate	Chicago Division Intrastate Exchange
(1) Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Depreciation - Chicago Division	7.29%	6.66%	6.20%
(2) Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Depreciation - All Licensee Companies	6.71%	6.71%	6.71%
(3) Percentage Relationship Item (1) to Item (2)	91.01%	100.15%	107.53%
(4) Amount of Recorded Return under Present Rates - Chicago Division	$10,168,587	$8,494,616	$7,565,906
(5) Amount of Required Return under Present Rates, Chicago Division, on Basis of All Licensees (Item 3 times Item 4)	9,213,214	8,508,536	7,973,573
(6) Excess of Recorded Return under Present Rates, Chicago Division, over Return Required on Basis of All Licensees	955,373	63,720*	592,653*
(7) Increase in Recorded Return of Chicago Division, due to Attached Rates	1,450,864	1,433,744	1,396,167
(8) Excess of Recorded Return under Attached Rates, Chicago Division, over Return Required on Basis of All Licensees	535,491*	1,497,464*	1,953,820*
(9) Additional Return of Chicago Division, due to Adjustment of Interstate Separation	-	931,580	1,385,803
(10) Excess of Adjusted Return under Attached Rates, Chicago Division, over Return Required on Basis of All Licensees	595,491*	1,565,874*	565,017*
(11) Additional Return of Chicago Division, due to Adjustment of License Payments on Basis of All Licensees	209,348	186,231	172,453
(12) Excess of Adjusted Return under Attached Rates, Chicago Division, over Return Required on Basis of All Licensees	386,143*	879,643*	392,564*
(13) Additional Return of Chicago Division, due to Adjustment of Depreciation Expense:			
(a) Depreciation Expense	3,640,684	3,303,223	3,145,954
(b) Less - Increase in Required Return due to Change in Depreciation Reserve (Adjustment of Item 5)	1,252,348	1,428,597	1,241,666
(c) Net Adjustment	2,388,336	1,874,626	1,904,288
(14) Excess of Adjusted Return under Attached Rates, Chicago Division, over Return on Basis of All Licensees	1,853,436	1,001,283	1,511,724

5166

* - Red Figures.

LG

X-334

ILLINOIS BELL TELEPHONE COMPANY - CHICAGO DIVISION

p 2

RETURN ON AVERAGE FIXED CAPITAL AND MATERIALS AND SUPPLIES, LESS AVERAGE ACCRUED DEPRECIATION IN EXCESS OF THE AVERAGE RETURN OF OTHER LICENSEE COMPANIES OF AMERICAN TELEPHONE AND TELEGRAPH COMPANY DURING YEAR 1931

	Chicago Division	Chicago Division Intrastate	Chicago Division Intrastate Exchange
(1) Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Depreciation - Chicago Division	7.3%	6.66%	6.2%
(2) Per Cent of Return on Average Fixed Capital and Materials and Supplies, less Depreciation - Other Licensee Companies	6.69%	6.69%	6.69%
(3) Percentage Relation of Item (2) to Item (1)	91.38%	100.45%	107.22%
(4) Amount of Recorded Return under Present Rates - Chicago Division	$10,466,287	$8,934,616	$7,365,936
(5) Amount of Required Return under Present Rates, Chicago Division, on Basis of Other Licensees (Item 3 times Item 4)	9,564,402	8,973,692	7,896,387
(6) Excess of Reported Return under Present Rates, Chicago Division, over Return Required on Basis of Other Licensees	884,145	38,246*	531,081*
(7) Loss in Recorded Return of Chicago Division, due to Attacked Rates	1,450,864	1,433,184	1,396,167
(8) Excess of Recorded Return under Attacked Rates, Chicago Division, over Return Required on Basis of Other Licensees	566,719*	1,471,430*	1,927,248*
(9) Additional Return of Chicago Division, due to Adjustment of Interstate Separation	-	931,580	1,385,803
(10) Excess of Adjusted Return under Attacked Rates, Chicago Division, over Return Required on Basis of Other Licensees	566,719*	1,040,330*	541,445*
(11) Additional Return of Chicago Division, due to Adjustment of License Payments on Basis of Other Licensees	224,590	199,326	184,190
(12) Excess of Adjusted Return under Attacked Rates, Chicago Division, over Return Required on Basis of Other Licensees	343,309*	841,004*	357,255*
(13) Additional Return of Chicago Division, due to Adjustment of Depreciation Expense			
(a) Depreciation Expense	3,610,887	3,309,243	3,145,252
(b) Less - Increase in Required Return due to Change in Depreciation Reserve (Adjustment of Item 9)	1,367,762	1,424,339	1,317,788
(c) Net Adjustment	2,243,125	1,884,884	1,827,524
(14) Excess of Adjusted Return under Attacked Rates, Chicago Division, over Return on Basis of Other Licensees	1,899,816	1,043,520	1,470,269

* - Red Figures.

5167

LB

EXHIBIT X-335

Illinois Bell Telephone Company—Entire Company

Average Cost of Funds Used in Business, Eight Years, 1923 to 1930

	Average Funds		Dividends, Interest and Amortization Charges		
	Amount	Per Cent of Total	Amount	Per Cent of Total	Average Rate Paid Per Cent
	Year 1923				
Capital Stock	$60,042,600	54.81	$4,803,408	66.42	8.00
Capital Stock Premiums	2,911	.01	0	.....	....
Total	60,045,511	54.82	4,803,408	66.42	8.00
Surplus	5,318,585	4.85	0	.....	....
Total	65,364,096	59.67	4,803,408	66.42	7.35
Capital Stock Instalments	2,485,375	2.27	198,830	2.75	8.00
Total	67,849,471	61.94	5,002,238	69.17	7.37
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	41,268,751 (a)	37.68	2,205,249	30.49	5.34
Miscellaneous Interest-Bearing Loans	416,727	.38	24,510	.34	5.88
Total	41,685,478	38.06	2,229,759	30.83	5.35
Grand Total	$109,534,949	100.	$7,231,997	100.	6.60
	Year 1924				
Capital Stock	$67,521,900	55.35	$5,401,752	66.07	8.00
Capital Stock Premiums	2,911	.01	0	.....	....
Total	67,524,811	55.36	5,401,752	66.07	8.00
Surplus	6,664,407	5.46	0	.....	....
Total	74,189,218	60.82	5,401,752	66.07	7.28

(a) Excludes Chicago Telephone Co. 5% First Mortgage Gold Bonds subsequent to June 28, 1923.

EXHIBIT X-335—Continued

Illinois Bell Telephone Company—Entire Company

Average Cost of Funds Used in Business, Eight Years, 1923 to 1930

	Average Funds		Dividends, Interest and Amortization Charges		Average Rate Paid Per Cent
	Amount	Per Cent of Total	Amount	Per Cent of Total	
Capital Stock Instalments	1,982,612	1.63	158,609	1.95	8.00
Total	76,171,830	62.45	5,560,361	68.02	7.30
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,790,073	37.54	2,614,126	31.97	5.71
Miscellaneous Interest-Bearing Loans	29,883	.01	1,793	.01	6.00
Total	45,819,956	37.55	2,615,919	31.98	5.71
Grand Total	$121,991,786	100.	$8,176,280	100.	6.70
[fol. 5169] Year 1925					
Capital Stock	$70,000,000	54.29	$5,600,000	65.58	8.00
Capital Stock Premiums	2,933	.01	0	.....	....
Total	70,000,933	54.30	5,600,000	65.58	8.00
Surplus	8,526,401	6.61	0	.....	....
Total	78,529,334	60.91	5,600,000	65.58	7.13
Capital Stock Instalments	2,735,700	2.12	218,856	2.56	8.00
Total	81,265,034	63.03	5,818,856	68.14	7.16
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,585,369	35.35	2,597,570	30.42	5.70

Miscellaneous Interest-Bearing Loans	2,094,813	1.62	122,414	1.44	5.84
Total	47,680,182	36.97	2,719,984	31.86	5.70
Grand Total	$128,945,216	100.	$8,538,840	100.	6.62
	Year 1926				
Capital Stock	$80,000,000	55.73	$6,400,000	67.73	8.00
Capital Stock Premiums	3,433	.01	0	.....	....
Total	80,003,433	55.74	6,400,000	67.73	8.00
Surplus	10,142,033	7.06	0	.....	....
Total	90,145,466	62.80	6,400,000	67.73	7.10
Capital Stock Instalments	.....	.....	.....	.....	....
Total	90,145,466	62.80	6,400,000	67.73	7.10
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,470,617	31.68	2,582,754	27.33	5.68
Miscellaneous Interest-Bearing Loans	7,924,854	5.52	466,477	4.94	5.89
Total	53,395,471	37.20	3,049,231	32.27	5.71
Grand Total	$143,540,937	100.	$94,492,231	100.	6.58
[fol. 5170]	Year 1927				
Capital Stock	$87,500,000	54.83	$7,000,000	65.60	8.00
Capital Stock Premiums	3,647	.00	0	.....	....
Total	87,503,647	54.83	7,000,000	65.60	8.00
Surplus	12,534,462	7.85	0	.....	....
Total	100,038,109	62.68	7,000,000	65.60	7.00

EXHIBIT X-335—Continued

Illinois Bell Telephone Company—Entire Company

Average Cost of Funds Used in Business, Eight Years, 1923 to 1930

	Average Funds		Dividends, Interest and Amortization Charges		
	Amount	Per Cent of Total	Amount	Per Cent of Total	Average Rate Paid Per Cent
Capital Stock Instalments	12,540,350	7.86	1,003,228	9.40	8.00
Total	112,578,459	70.54	8,003,228	75.00	7.11
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,557,812	28.55	2,581,808	24.19	5.67
Miscellaneous Interest-Bearing Loans	1,448,208	.91	85,908	.81	5.93
Total	47,006,020	29.46	2,667,716	25.00	5.68
Grand Total	159,584,479	100.	10,670,944	100.	6.69
	Year 1928				
Capital Stock	$110,000,000	61.46	$8,800,000	74.25	8.00
Capital Stock Premiums	4,168	.00	0	.....	....
Total	110,004,168	61.46	8,800,000	74.25	8.00
Surplus	15,209,099	8.50	0	.....	....
Total	125,212,267	69.96	8,800,000	74.25	7.03
Capital Stock Instalments	.....	.....	.....	.....	....
Total	125,213,267	69.96	8,800,000	74.25	7.03
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,788,958	25.58	2,588,288	21.84	5.65
Miscellaneous Interest-Bearing Loans	7,973,915	4.46	462,873	3.91	5.80
Total	53,762,873	30.04	3,051,161	25.75	5.68
Grand Total	$178,976,140	100.	$11,851,161	100.	6.62

[fol. 5171]

Year 1929					
Capital Stock	$110,000,000	54.82	$8,800,000	67.19	8.00
Capital Stock Premiums	4,168	.01	0	.....	....
Total	110,004,168	54.83	8,800,000	67.19	8.00
Surplus	18,977,260	9.45	0	.....	....
Total	128,981,428	64.28	8,800,000	67.19	6.82
Capital Stock Instalments	10,000,513	4.98	800,041	6.11	8.00
Total	138,981,941	69.26	9,600,041	73.30	6.91
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,705,016	22.78	2,575,613	19.66	5.64
Miscellaneous Interest-Bearing Loans	15,981,288	7.96	921,464	7.04	5.77
Total	61,686,304	30.74	3,497,077	26.70	5.67
Grand Total	$200,668,245	100.	$13,097,118	100.	6.53
Year 1930					
Capital Stock	$130,000,000	58.07	$10,400,000	70.30	8.00
Capital Stock Premiums	4,168	.01	0	.....	....
Total	130,004,168	58.08	10,400,000	70.30	8.00
Surplus	22,147,338	9.89	0	.....	....
Total	152,151,506	67.97	10,400,000	70.30	6.84
Capital Stock Instalments	14,998,912	6.69	1,199,913	8.11	8.00
Total	167,150,418	74.66	11,599,913	78.41	6.94
Funded Debt (net after adjustment for Unamortized Debt, Discount and Expense)	45,771,193	20.44	2,572,476	17.39	5.62
Miscellaneous Interest-Bearing Loans	10,960,384	4.90	622,010	4.20	5.68
Total	56,731,577	25.34	3,194,486	21.59	5.63
Grand Total	$223,881,995	100.	$14,794,399	100.	6.61

[fol. 5172] EXTRACTS FROM EXHIBIT X-336

Illinois Bell Telephone Company

Statement of Chicago Division, Chicago Division Intrastate, and Chicago Division Intrastate Exchange, Showing Net Income Required to Cover all Interest, Amortization of Bond Discount and Expense, and an 8% Dividend Together with Resultant Rates of Return on the Plaintiff's Showing of Average Reproduction Cost and Average Book Cost Including Materials and Supplies and Cash Working Capital During the Years 1923 to 1930, Inclusive

	(1) Net income required to cover all interest; amortization of bond discount and expense and an 8% dividend		
Year ended Dec. 31,	Total Chicago division (1)	Total Chicago division intrastate (2)	Total Chicago division intrastate exchange (3)
1923	$4,760,028	$4,547,731	$4,348,286
1924	5,423,245	5,168,352	4,933,038
1925	5,680,890	5,382,643	5,125,015
1926	6,284,306	5,925,472	5,626,653
1927	7,043,890	6,617,030	6,254,622
1928	7,834,210	7,299,917	6,860,261
1929	8,575,469	7,906,582	7,372,330
1930	9,565,910	8,746,112	8,104,239

(Here follows Exhibit X-337, side folios 5173, 5174, 5175, 5176, 5177 and 5178)

[fols. 5173 & 5174]

EXHIBIT X-337

Illinois Bell Telephone Company, Chicago Division

Statement Showing the Net Earnings Per Share Available for the Stockholders of the Illinois Bell Telephone Company and the Average Earnings Available for A. T. & T. Co. Stockholders on Their Proportionate Investment in Capital Stock of A. T. & T. Co. Which Would Result from Varying Rates of Return on the Plaintiff's Showing of Average Book Cost Including Materials and Supplies and Cash Working Capital During Years 1923 to 1930, Inclusive.

	1923		1924		1925		1926		1927		1928	
	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Stockhold
(1) 4.91% Return:												
Total Chicago-Division	$8.31	11.06%	$8.00	10.656%	$8.89	12.118%	$8.99	12.363%	$9.02	12.366%	$8.79	12.463%
Total Chicago Intrastate	8.32	11.07%	8.00	10.656%	8.90	12.134%	8.99	12.363%	9.03	12.382%	8.79	12.463%
Chicago Intrastate Exchange	8.31	11.06%	8.00	10.656%	8.90	12.134%	8.99	12.363%	9.02	12.366%	8.79	12.463%
(2) 5% Return:												
Total Chicago Division	8.54	11.42%	8.22	11.009%	9.13	12.512%	9.22	12.739%	9.26	12.750%	9.00	12.807%
Total Chicago Intrastate	8.51	11.42%	8.22	11.009%	9.14	12.529%	9.23	12.756%	9.27	12.766%	9.00	12.807%
Chicago Intrastate Exchange	8.54	11.42%	8.22	11.009%	9.14	12.529%	9.22	12.739%	9.27	12.766%	9.00	12.807%
(3) 5 1/2% Return:												
Total Chicago Division	9.80	13.41%	9.45	12.983%	10.47	14.716%	10.52	14.868%	10.61	14.913%	10.17	14.726%
Total Chicago Intrastate	9.80	13.41%	9.46	13.000%	10.47	14.716%	10.53	14.885%	10.62	14.929%	10.18	14.743%
Chicago Intrastate Exchange	9.80	13.41%	9.45	12.983%	10.47	14.716%	10.53	14.885%	10.61	14.913%	10.18	14.743%
(4) 6% Return:												
Total Chicago Division	11.06	15.40%	10.68	14.957%	11.80	16.902%	11.83	17.013%	11.95	17.059%	11.35	16.661%
Total Chicago Intrastate	11.06	15.40%	10.69	14.974%	11.81	16.919%	11.84	17.030%	11.96	17.075%	11.36	16.678%
Chicago Intrastate Exchange	11.06	15.40%	10.68	14.957%	11.80	16.902%	11.83	17.013%	11.95	17.059%	11.35	16.661%
(5) 7% Return:												
Total Chicago Division	13.57	19.36%	13.15	18.922%	14.46	21.276%	14.43	21.271%	14.65	21.384%	13.71	20.513%
Total Chicago Intrastate	13.58	19.37%	13.16	18.938%	14.47	21.292%	14.45	21.303%	14.66	21.400%	13.71	20.513%
Chicago Intrastate Exchange	13.57	19.36%	13.15	18.922%	14.47	21.292%	14.44	21.287%	14.65	21.384%	13.71	20.513%
(6) 8% Return:												
Total Chicago Division	16.09	23.33%	15.61	22.870%	17.13	25.666%	17.04	25.544%	17.34	25.693%	16.06	24.385%
Total Chicago Intrastate	16.10	23.35%	15.62	22.886%	17.14	25.682%	17.05	25.561%	17.35	25.709%	16.07	24.401%
Chicago Intrastate Exchange	16.09	23.33%	15.62	22.886%	17.14	25.682%	17.04	25.544%	17.34	25.693%	16.06	24.385%

EXHIBIT X-337

Illinois Bell Telephone Company, Chicago Division

Statement Showing the Net Earnings Per Share Available for the Stockholders of the Illinois Bell Telephone Company and the Average Earnings Available for A. T. & T. Co. Stockholders on Their Proportionate Investment in Capital Stock of A. T. & T. Co. Which Would Result from Varying Rates of Return on the Plaintiff's Showing of Average Book Cost Including Materials and Supplies and Cash Working Capital During Years 1923 to 1930, Inclusive.

1923		1924		1925		1926		1927		1928		1929		1930	
gs s o. rs	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders
	11.06%	$8.00	10.656%	$8.89	12.118%	$8.99	12.363%	$9.02	12.366%	$8.79	12.463%	$8.60	12.357%	$8.01	11.831%
	11.07%	8.00	10.656%	8.90	12.134%	8.99	12.363%	9.03	12.382%	8.79	12.463%	8.58	12.323%	8.00	11.814%
	11.06%	8.00	10.656%	8.90	12.134%	8.99	12.363%	9.02	12.366%	8.79	12.463%	8.58	12.323%	7.99	11.796%
	11.42%	8.22	11.009%	9.13	12.512%	9.22	12.739%	9.26	12.750%	9.00	12.807%	8.83	12.744%	8.21	12.177%
	11.42%	8.22	11.009%	9.14	12.529%	9.23	12.756%	9.27	12.766%	9.00	12.807%	8.81	12.711%	8.21	12.177%
	11.42%	8.22	11.009%	9.14	12.529%	9.22	12.739%	9.27	12.766%	9.00	12.807%	8.81	12.711%	8.20	12.160%
	13.41%	9.45	12.983%	10.47	14.716%	10.52	14.868%	10.61	14.913%	10.17	14.726%	10.10	14.885%	9.37	14.187%
	13.41%	9.46	13.000%	10.47	14.716%	10.53	14.885%	10.62	14.929%	10.18	14.743%	10.09	14.869%	9.37	14.187%
	13.41%	9.45	12.983%	10.47	14.716%	10.53	14.885%	10.61	14.913%	10.18	14.743%	10.08	14.852%	9.36	14.169%
	15.40%	10.68	14.957%	11.80	16.902%	11.83	17.013%	11.95	17.059%	11.35	16.661%	11.37	17.026%	10.53	16.196%
	15.40%	10.69	14.974%	11.81	16.919%	11.84	17.030%	11.96	17.075%	11.36	16.678%	11.36	17.009%	10.52	16.179%
	15.40%	10.68	14.957%	11.80	16.902%	11.83	17.013%	11.95	17.059%	11.35	16.661%	11.35	16.993%	10.52	16.179%
	19.36%	13.15	18.922%	14.46	21.276%	14.43	21.271%	14.65	21.384%	13.71	20.513%	13.92	21.325%	12.85	20.215%
	19.37%	13.16	18.938%	14.47	21.292%	14.45	21.303%	14.66	21.400%	13.71	20.513%	13.90	21.291%	12.84	20.197%
	19.36%	13.15	18.922%	14.47	21.292%	14.44	21.287%	14.65	21.384%	13.71	20.513%	13.89	21.291%	12.84	20.197%
	23.33%	15.61	22.870%	17.13	25.666%	17.04	25.544%	17.34	25.693%	16.06	24.385%	16.47	25.624%	15.17	24.234%
	23.35%	15.62	22.886%	17.14	25.682%	17.05	25.561%	17.35	25.709%	16.07	24.401%	16.45	25.590%	15.16	24.216%
	23.33%	15.62	22.886%	17.14	25.682%	17.04	25.544%	17.34	25.693%	16.06	24.385%	16.44	25.573%	15.15	24.199%

[fols. 5175 and 5176]

EXHIBIT X-337

Illinois Bell Telephone Company, Chicago Division

Statement Showing the Net Earnings Per Share Available for the Stockholders of the Illinois Bell Telephone Company and the Average Earnings Available for A. T. & T. Co. Stockholders on their Prop Result from Varying Rates of Return on the Plaintiff's Showing of Average Reproduction Cost, Including Materials and Supplies and Cash Working Capital During

	1923		1924		1925		1926		1927		
	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earning Per Share Available for Illinois Bell Tel. Co Stockholder
(1) 3.85% Return:											
Total Chicago Division	$11.10	15.46%	$10.33	14.396%	$10.79	15.242%	$10.14	14.246%	$9.52	13.167%	$8.89
Total Chicago Intrastate	11.10	15.46%	10.33	14.396%	10.79	15.242%	10.14	14.246%	9.52	13.167%	8.89
Chicago Intrastate Exchange	11.09	15.44%	10.32	14.380%	10.79	15.242%	10.13	14.230%	9.51	13.151%	8.89
(2) 4% Return:											
Total Chicago Division	11.69	16.39%	10.89	15.294%	11.38	16.212%	10.68	15.130%	10.05	14.016%	9.35
Total Chicago Intrastate	11.69	16.39%	10.89	15.294%	11.38	16.212%	10.68	15.130%	10.05	14.016%	9.35
Chicago Intrastate Exchange	11.68	16.37%	10.88	15.278%	11.37	16.195%	10.68	15.130%	10.05	14.016%	9.34
(3) 5% Return:											
Total Chicago Division	15.63	22.61%	14.64	21.313%	15.27	22.608%	14.31	21.074%	13.62	19.734%	12.38
Total Chicago Intrastate	15.63	22.61%	14.64	21.313%	15.27	22.608%	14.30	21.058%	13.62	19.734%	12.38
Chicago Intrastate Exchange	15.62	22.59%	14.63	21.297%	15.26	22.591%	14.30	21.058%	13.61	19.718%	12.37
(4) 6% Return:											
Total Chicago Division	19.56	28.81%	18.39	27.331%	19.16	29.004%	17.93	27.002%	17.18	25.436%	15.41
Total Chicago Intrastate	19.56	28.81%	18.39	27.331%	19.16	29.004%	17.93	27.002%	17.18	25.436%	15.41
Chicago Intrastate Exchange	19.55	28.79%	18.38	27.315%	19.15	28.987%	17.92	26.985%	17.17	25.420%	15.40
(5) 7% Return:											
Total Chicago Division	23.49	35.01%	22.14	33.349%	23.06	35.416%	21.55	32.929%	20.74	31.139%	18.44
Total Chicago Intrastate	23.49	35.01%	22.14	33.349%	23.06	35.416%	21.55	32.929%	20.74	31.139%	18.44
Chicago Intrastate Exchange	23.48	34.99%	22.14	33.349%	23.05	35.400%	21.54	32.913%	20.73	31.123%	18.43
(6) 8% Return:											
Total Chicago Division	27.43	41.22%	25.89	39.368%	26.95	41.812%	25.18	38.873%	24.30	36.841%	21.47
Total Chicago Intrastate	27.43	41.22%	25.89	39.368%	26.95	41.812%	25.18	38.873%	24.30	36.841%	21.47
Chicago Intrastate Exchange	27.41	41.19%	25.88	39.352%	26.94	41.795%	25.17	38.857%	24.29	36.825%	21.45

(Here follow side folios 5177 and 5178)

EXHIBIT X-337

Illinois Bell Telephone Company, Chicago Division

Stockholders of the Illinois Bell Telephone Company and the Average Earnings Available for A. T. & T. Co. Stockholders on their Proportionate Investment in Capital Stock of A. T. & T. Co. which would es of Return on the Plaintiff's Showing of Average Reproduction Cost, Including Materials and Supplies and Cash Working Capital During Years 1923 to 1930, Inclusive

1924		1925		1926		1927		1928		1929		1930	
Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders	Net Earnings Per Share Available for Illinois Bell Tel. Co. Stockholders	Average Earnings Available for A. T. & T. Co. Stockholders
$10.33	14.396%	$10.79	15.242%	$10.14	14.246%	$9.52	13.167%	$8.89	12.627%	$8.62	12.390%	$8.04	11.883%
10.33	14.396%	10.79	15.242%	10.14	14.246%	9.52	13.167%	8.89	12.627%	8.60	12.357%	8.02	11.848%
10.32	14.380%	10.79	15.242%	10.13	14.230%	9.51	13.151%	8.89	12.627%	8.59	12.340%	8.01	11.831%
10.89	15.294%	11.38	16.212%	10.68	15.130%	10.05	14.016%	9.35	13.381%	9.11	13.216%	8.49	12.662%
10.89	15.294%	11.38	16.212%	10.68	15.130%	10.05	14.016%	9.35	13.381%	9.09	13.183%	8.47	12.628%
10.88	15.278%	11.37	16.195%	10.68	15.130%	10.05	14.016%	9.34	13.365%	9.08	13.166%	8.46	12.610%
14.64	21.313%	15.27	22.608%	14.31	21.074%	13.62	19.734%	12.38	18.350%	12.36	18.695%	11.46	17.807%
14.64	21.313%	15.27	22.608%	14.30	21.058%	13.62	19.734%	12.38	18.350%	12.34	18.661%	11.43	17.755%
14.63	21.297%	15.26	22.591%	14.30	21.058%	13.61	19.718%	12.37	18.334%	12.32	18.628%	11.42	17.738%
18.39	27.331%	19.16	29.004%	17.93	27.002%	17.18	25.436%	15.41	23.319%	15.62	24.191%	14.42	22.934%
18.39	27.331%	19.16	29.004%	17.93	27.002%	17.18	25.436%	15.41	23.319%	15.59	24.140%	14.39	22.882%
18.38	27.315%	19.15	28.987%	17.92	26.985%	17.17	25.420%	15.40	23.303%	15.57	24.107%	14.37	22.848%
22.14	33.349%	23.06	35.416%	21.55	32.929%	20.74	31.139%	18.44	28.288%	18.87	29.670%	17.39	28.079%
22.14	33.349%	23.06	35.416%	21.55	32.929%	20.74	31.139%	18.44	28.288%	18.84	29.619%	17.35	28.010%
22.14	33.349%	23.05	35.400%	21.54	32.913%	20.73	31.123%	18.43	28.272%	18.82	29.585%	17.33	27.975%
25.89	39.368%	26.95	41.812%	25.18	38.873%	24.30	36.841%	21.47	33.257%	22.12	35.148%	20.36	33.224%
25.89	39.368%	26.95	41.812%	25.18	38.873%	24.30	36.841%	21.47	33.257%	22.09	35.098%	20.31	33.137%
25.88	39.352%	26.94	41.795%	25.17	38.857%	24.29	36.825%	21.45	33.224%	22.06	35.047%	20.29	33.102%

(Here follow side folios 5177 and 5178)

fol. 5177]

EXHIBIT X-338

Illinois Bell Telephone Company, Chicago Division

Plaintiff's Exhibit A-53 Adjusted for Rate Base of Book Cost of Plant, Less Depreciation, etc., Years 1923 to 1931, Inclusive

	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930	Year Ended Dec. 31, 1931
Total Chicago Division:									
(1) Average Book Cost of Plant in Service and General Equipment, per Exhibit A-53	$92,811,249	$105,513,839	$118,740,547	$133,704,654	$148,212,139	$162,449,631	$176,024,193	$186,971,863	$193,354,139
(2) Average Going Value, adjusted on basis of Ill. C. C. Order of August 16, 1923	4,549,418	5,170,178	5,818,287	6,551,528	7,262,395	7,960,032	8,625,185	9,161,621	9,474,353
(3) Average Materials and Supplies, per Exhibit A-53	233,022	299,310	358,227	336,693	326,599	344,336	276,091	209,784	224,433
(4) Average Working Cash Capital, per Exhibit A-53	3,000,000	3,150,000	3,325,000	3,550,000	3,825,000	4,050,000	4,500,000	4,550,000	4,250,000
(5) Total	100,593,689	114,133,327	128,242,061	144,142,875	159,626,133	174,803,999	189,425,469	200,893,268	207,302,925
(6) Average Accrued Depreciation and Amortization of Intangible Capital, on basis of Ill. C. C. Order of August 16, 1923	27,476,795	29,392,498	30,983,731	32,789,000	34,288,440	34,823,962	33,130,569	30,712,663	29,777,709
(7) Total	73,116,894	84,740,829	97,258,330	111,353,875	125,337,693	139,980,037	156,294,900	170,180,605	177,525,216
Chicago Division Intrastate:									
(1) Average Book Cost of Plant in Service and General Equipment, per Exhibit A-53	88,663,316	100,540,215	112,486,829	126,061,831	139,205,005	151,459,710	162,493,935	170,958,739	175,710,631
(2) Average Going Value, adjusted on basis of Ill. C. C. Order of August 16, 1923	4,346,376	4,926,495	5,511,855	6,177,030	6,821,045	7,421,526	7,962,203	8,376,978	8,609,821
(3) Average Materials and Supplies, per Exhibit A-53	222,618	284,533	338,324	316,963	306,108	319,489	253,664	190,933	203,648
(4) Average Working Cash Capital, per Exhibit A-53	2,915,000	3,060,000	3,225,000	3,440,000	3,695,000	3,840,000	3,975,000	4,050,000	3,800,000
(5) Total	96,147,310	108,811,243	121,562,008	135,995,824	150,027,158	163,040,725	174,684,802	183,576,650	188,324,100
(6) Average Accrued Depreciation and Amortization of Intangible Capital, on basis of Ill. C. C. Order of August 16, 1923	26,248,803	28,007,019	29,351,908	30,914,716	32,204,666	32,468,077	30,583,958	28,082,291	27,060,466
(7) Total	69,898,507	80,804,224	92,210,100	105,081,108	117,822,492	130,572,648	144,100,844	155,494,359	161,263,634
Chicago Division Intrastate Exchange:									
(1) Average Book Cost of Plant in Service and General Equipment, per Exhibit A-53	84,783,048	95,976,573	107,112,897	119,708,266	131,600,492	142,347,871	151,517,431	158,431,574	162,558,785
(2) Average Going Value, adjusted on basis of Ill. C. C. Order of August 16, 1923	4,156,161	4,702,852	5,248,532	5,865,706	6,448,425	6,975,046	7,424,355	7,763,148	7,965,380
(3) Average Materials and Supplies, per Exhibit A-53	212,875	271,196	321,892	300,465	288,668	299,325	235,475	176,653	188,393
(4) Average Working Cash Capital, per Exhibit A-53	2,750,000	2,880,000	3,025,000	3,200,000	3,425,000	3,550,000	3,635,000	3,690,000	3,450,000
(5) Total	91,902,084	103,830,621	115,708,321	129,074,437	141,762,585	153,172,242	162,812,261	170,061,375	174,162,558
(6) Average Accrued Depreciation and Amortization of Intangible Capital, on basis of Ill. C. C. Order of August 16, 1923	25,100,048	26,735,747	27,949,654	29,356,603	30,445,384	30,514,793	28,518,005	26,024,534	25,035,005
(7) Total	66,802,036	77,094,874	87,758,667	99,717,834	111,317,201	122,657,449	134,294,256	144,036,841	149,127,553

[fol. 5178]

EXTRACTS FROM EXHIBIT X-340

Illinois Bell Telephone Company

Plaintiff's Exhibit A-53 Adjusted for Net Income Available for Return Under Rates in Suit and for Rate Base During Years 1923 to 1931, Inclusive

Chicago Division:	Year Ended Dec. 31, 1923	Year Ended Dec. 31, 1924	Year Ended Dec. 31, 1925	Year Ended Dec. 31, 1926	Year Ended Dec. 31, 1927	Year Ended Dec. 31, 1928	Year Ended Dec. 31, 1929	Year Ended Dec. 31, 1930	Year Ended Dec. 31, 1931
(1) Income Available for Return Per Company's Exhibit A-53	$5,798,716 (a)	$5,444,088	$5,942,729	$6,271,371	$6,641,638	$7,536,101	$10,116,644	$9,468,029	$8,431,389
(2) Income Due to Adjustment of License Payments	383,214	348,864	266,314	95,363	135,574	37,174*	82,331	95,870	222,830
(3) Total	6,181,930	5,792,952	6,209,043	6,366,734	6,777,212	7,498,927	10,198,975	9,563,899	8,654,219
(4) Income Due to Adjustment of Depreciation Expense	629,249	1,486,184	1,652,052	2,339,977	3,035,752	3,812,129	4,237,709	4,429,941	3,610,887
(5) Total	6,811,179	7,279,136	7,861,095	8,706,711	9,812,964	11,311,056	14,436,684	13,993,840	12,265,106
(6) Income Due to Defendants' Interstate Separation									
(7) Total Income Available for Return, After Above Adjustments	6,811,179	7,279,136	7,861,095	8,706,711	9,812,964	11,311,056	14,436,684	13,993,840	12,265,106
Chicago Division Intrastate:									
(1) Income Available for Return Per Company's Exhibit A-53	$5,216,854 (a)	$4,782,833	$5,178,488	$5,364,933	$5,600,362	$6,388,673	$8,463,820	$7,590,359	$6,720,096
(2) Income Due to Adjustment of License Payments	372,170	335,335	254,213	88,440	126,528	37,505*	71,435	83,324	199,096
(3) Total	5,589,024	5,118,168	5,432,701	5,453,373	5,726,890	6,351,168	8,535,264	7,673,683	6,919,192
(4) Income Due to Adjustment of Depreciation Expense	597,132	1,414,018	1,562,392	2,205,414	2,860,112	3,561,852	3,888,445	4,069,162	3,309,223
(5) Total	6,186,156	6,532,186	6,995,093	7,658,787	8,587,002	9,913,020	12,423,709	11,742,845	10,228,415
(6) Income Due to Defendants' Interstate Separation	256,721	262,398	309,505	317,915	354,372	427,655	486,875	472,469	431,580
(7) Total Income Available for Return, After Above Adjustments	6,442,877	6,794,584	7,304,598	7,976,702	8,941,374	10,340,675	12,910,584	12,215,314	10,659,995
Chicago Division Intrastate Exchange:									
(1) Income Available for Return Per Company's Exhibit A-53	$4,618,037 (a)	$4,077,765	$4,269,734	$4,210,427	$4,306,547	$4,907,181	$6,941,442	$6,207,018	$5,660,602
(2) Income Due to Adjustment of License Payments	354,643	314,860	235,887	77,876	113,256	37,898*	64,393	75,454	184,190
(3) Total	4,972,680	4,392,625	4,505,621	4,288,303	4,419,803	4,869,283	7,005,835	6,282,472	5,844,792
(4) Income Due to Adjustment of Depreciation Expense	574,555	1,360,459	1,501,377	2,115,480	2,737,843	3,395,724	3,685,780	3,849,092	3,125,252
(5) Total	5,547,235	5,753,084	6,006,998	6,403,783	7,157,646	8,265,007	10,691,615	10,131,564	8,970,044
(6) Income Due to Defendant's Interstate Separation	731,750	778,837	902,779	1,018,633	1,146,483	1,352,860	1,538,167	1,551,597	1,385,803
(7) Total Income Available for Return, After Above Adjustments	6,278,985	6,531,921	6,909,777	7,422,416	8,304,129	9,617,867	12,229,782	11,683,161	10,355,847

*Red figures.

(a) Loss in Revenues During the Year 1923 Due to the Attacked Rates, Was Taken from Plaintiff's Exhibit A-52 to Give Consideration to the Effective Date (Oct. 1, 1923) of the Illinois Commerce Commission's Order.

[fol. 5179] EXTRACTS FROM X-342

Uniform System of Accounts for Telephone Companies as Prescribed by the Interstate Commerce Commission in Accordance with Section 30 of the Act to Regulate Commerce

(3) Contents

	Page
Order of the Commission	5
Introductory letter	7
General instructions	9
Telephone companies divided into two classes	9
Accounts should show fixed capital, operating revenues, and operating expenses pertaining solely to any exchange or toll system or common to two or more systems	9
Balance-sheet statement	11
Instructions pertaining to balance sheet	13
Balance-sheet accounts	13
Cost or book value of securities owned	13
Reacquired securities	13
Discount and premium on capital stock	13
Discount, expense, and premium on funded debt	14
Contingent assets and liabilities	15
Text explanatory of balance-sheet accounts	16
Fixed capital accounts	31
Instructions pertaining to fixed capital accounts	32
Fixed capital defined	32
Costs to be actual money costs	33
Interest accruing during construction period	33
Cost of labor, materials, and supplies	33
Plant and equipment and other property purchased	33
Fixed capital withdrawn or retired	34
Texts explanatory of fixed capital accounts	36
Income statement	45
Instructions pertaining to the income statement	47
Income account defined	47
Taxes	47
Text explanatory of accounts in income statement	48
Corporate surplus or deficit account	56

Page

Instructions pertaining to corporate surplus or deficit account 56
Corporate surplus or deficit account defined 56
Text explanatory of corporate surplus or deficit account 57
Operating revenue accounts 60
Instructions pertaining to operating revenue accounts 60
Operating revenues defined 60
Deductions from revenues 60
Commissions 60
(4)
[fol. 5180] Text explanatory of operating revenue accounts 61
Operating expense accounts 64
Instructions pertaining to operating expense accounts 66
Repairs defined 66
Cost of repairs 67
Depreciation of plant and equipment 67
Extraordinary casualties and unanticipated reconstruction 68
Joint operating expenses 68
Text explanatory of operating expense accounts 69
Clearing accounts 77

(11) Balance-sheet Statement

Asset Accounts

Permanent and Long Term Investments:

100. Fixed Capital Installed Prior to January 1, 1913 16
101. Fixed Capital Installed Since December 31, 1912 16
102. Reserve for Accrued Depreciation—Cr. 16
103. Reserve for Amortization of Intangible Capital —Cr. 17
104. Construction Work in Progress 17
105. Investment Securities 17
106. Stocks of System Corporations 18
107. Funded Debt of System Corporations 18
108. Miscellaneous Stocks 18
109. Miscellaneous Funded Debt 18

Page

110. Advances to System Corporations for Construction, Equipment, and Betterments 18
111. Miscellaneous Investments 18

Working Assets:

112. Cash and Deposits 18
113. Cash 19
114. Special Deposits 19
115. Employees' Working Funds 19
116. Marketable Securities 19
117. Bills Receivable 19
118. Due from Subscribers and Agents 20
119. Accounts Receivable from System Corporations 20
120. Miscellaneous Accounts Receivable 20
121. Matured Interest and Dividends Receivable 20
122. Materials and Supplies 20
123. Other Current Assets 21

(11)

[fol. 5181] Accrued Income Not Due:

124. Unmatured Interest, Dividends, and Rents Rereceivable 21

Deferred Debt Items:

125. Sinking Fund Assets 21
126. Insurance and Other Reserve Fund Assets 22
127. Provident Fund Assets 22
128. Prepayments 22
129. Prepaid Rents 22
130. Prepaid Taxes 22
131. Prepaid Insurance 23
132. Prepaid Directory Expenses 23
133. Other Prepayments 23
134. Unextinguished Discount on Capital Stock 23
135. Unamortized Debt Discount and Expense 23
136. Other Suspense 23

Corporate Deficit:

137. Corporate Deficit 23

(12) Liability Accounts

Stock: Page

150. Capital Stock 24
151. Stock Liability for Conversion of Securities 24
152. Premiums on Capital Stock 25

Long Term Debt: Page
153. Funded Debt ... 25
154. Receivers' Certificates ... 26
155. Advances from System Corporations for Construction, Equipment, and Betterments ... 26

Working Liabilities:
156. Judgments Unpaid ... 26
157. Bills Payable ... 27
158. Audited Vouchers and Wages Unpaid ... 27
159. Subscribers' Deposits ... 27
160. Accounts Payable to System Corporations ... 27
161. Miscellaneous Accounts Payable ... 27
162. Matured Interest, Dividends, and Rents Unpaid ... 27
163. Matured Funded Debt Unpaid ... 27
164. Service Billed in Advance ... 27
165. Other Current Liabilities ... 28

Accrued Liabilities Not Due:
166. Taxes Accrued ... 28
167. Other Accrued Liabilities Not Due ... 28

Deferred Credit Items:
168. Unextinguished Premium on Debt ... 28
169. Insurance and Casualty Reserves ... 28
170. Liability on Account of Provident Funds ... 29

Appropriated Surplus:
171. Surplus Invested Since December 31, 1912, in Fixed Capital ... 29
172. Surplus Invested in Sinking Funds ... 29
173. Other Surplus Reserved ... 30

Corporate Surplus:
174. Corporate Surplus Unappropriated ... 30

(17)

[fol. 5182] 104. Construction Work in Progress.

This account should include the amounts expended upon plant that is in process of construction under estimates or work orders, but is not ready for service at the date of the balance sheet. It includes interest charged to construction, also such proportion of plant supervision expenses, engineering expenses, tool expenses, supply expenses, and gen-

eral expenses as may be properly chargeable to the construction work included under this account.

When the work is completed on any job the cost of which has been included in this account, this account should be credited with the amount at which it stands charged, and the appropriate fixed capital or other accounts should be concurrently charged, but expenditures should not be carried in this account beyond the close of the fiscal year next succeeding that in which the expenditures were made.

* * * * * * *

(31) Fixed Capital Accounts

	Page
100. Fixed Capital Installed Prior to January 1, 1913	36
101. Fixed Capital Installed Since December 31, 1912	36
200. Intangible Capital	36
201. Organization	36
202. Franchises	37
203. Patent Rights	37
204. Other Intangible Capital	37
207. Right of Way	37
210. Land and Buildings	38
211. Land	38
212. Buildings	38
220. Central Office Equipment	39
221. Central Office Telephone Equipment	39
222. Other Equipment of Central Offices	39
230. Station Equipment	39
231. Station Apparatus	39
232. Station Installations	40
233. Interior Block Wires	40
234. Private Branch Exchanges	40
235. Booths and Special Fittings	40
241. Exchange Pole Lines	40
242. Exchange Aerial Cable	40
243. Exchange Aerial Wire	40
244. Exchange Underground Conduits	40
245. Exchange Underground Cable	41
246. Exchange Submarine Cable	41
251. Toll Pole Lines	41
252. Toll Aerial Cable	41
253. Toll Aerial Wire	41

Page

254. Toll Underground Conduit 41
255. Toll Underground Cable 42
256. Toll Submarine Cable 42

(31)
[fol. 5183] 260. General Equipment 42
261. Office Furniture and Fixtures 42
262. General Shop Equipment 42
263. General Store Equipment 42
264. General Stable and Garage Equipment 43
265. General Tools and Implements 43
268. Interest During Construction 43
270. Undistributed Construction Expenditures 43
271. Engineering and Superintendence 43
272. Law Expenditures During Construction 43
273. Taxes During Construction 44
274. Miscellaneous Construction Expenditures 44

(33)

11. Interest Accruing During Construction Period.—Account No. 268, "Interest During Construction," should include only such proportion of the interest on funds used for construction purposes and of the discount and expense on funded debt as is equitably assignable to the period between the date of the issuance of securities and the time when the property acquired or the improvement made through such issuance becomes available for the service for which it is intended. The proportion of interest, discount, and expense thus chargeable should be that which the period prior to the completion or coming into service of the facilities or improvements constructed bears to the entire life of the securities issued.

(43)

[fol. 5184] 268. Interest During Construction.

This account should include the interest upon all moneys (and credits available upon demand) devoted to the construction and equipment of the property from the time of such devotion until the construction is ready for use. Interest receivable accrued upon such moneys (and upon such credits) should be credited to this account.

If any property with respect to which an interest charge is included in this account is withdrawn or retired from service, the amount of such interest (estimated, if not known) should be credited to this account and charged off as a part of the original cost of the property so retired. No interest upon expenditures for replacements or reconstruction should be included in this account or any other fixed capital account unless proper credits are made to the appropriate fixed capital accounts for any interest included in such accounts in respect of the property retired or withdrawn. (See sec. 11, p. 33.)

270. Undistributed Construction Expenditures.

This account should include the expenditures provided for in the following subaccounts when such expenditures can not be satisfactorily allocated to the fixed capital accounts to which they relate. Upon the retirement or withdrawal of any property with respect to which any charge is included in this account or any subaccount hereunder, there should be credited to this account or the appropriate subaccount such part of the undistributed expenditures during construction (estimated, if not known) as may be applicable to the property withdrawn or retired.

271. Engineering and Superintendence.

This account should include all expenditures for services and expenses of engineers, draftsmen, and superintendents employed on preliminary and construction work when the expenditures can not be assigned to specific construction accounts.

(44)

272. Law Expenditures During Construction.

This account should include general law expenditures, incurred in the construction of the telephone plant, such as the pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and expenses of their offices; the cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators for the settlement of disputed questions; cost of suits and payments of special fees, notarial fees, and witness fees, and other court expenses. When any of the expenditures enumerated herein can be charged directly to the account for which incurred, they

should be so charged and not to this account. Expenditures incurred in connection with the acquisition of right of way should be charged to account No. 207, "Right of Way," and in the acquisition of other land to account No. 211, "Land."

Law expenditures in connection with the organization of the corporation should be charged to account No. 201, "Organization."

273. Taxes During Construction.

This account should include all taxes and assessments levied and paid on property belonging to the company under construction and before the plant is opened for operation, except special taxes assessed for street and other improvements, such as grading, sewering, curbing, guttering, [fol. 5185] paving, sidewalks, etc., which should be charged to the account to which the property benefited is charged.

274. Miscellaneous Construction Expenditures.

This account should include salaries and expenses of executive and general officers of the telephone company before it is ready to begin operations; clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, with the office expenses; insurance during construction; also construction and equipment items of a special and incidental nature which can not properly be charged to any other fixed capital account.

Note A.—This account may include a suitable proportion of supply expenses when such expenses are not assignable to specific materials.

Note B.—This account should not include any costs of organization, or any costs or discounts connected with the issue and disposal of stocks, bonds, or other securities, or commercial paper.

[fol. 5186] Income Statement

I. Operating Income

		Page
300.	Telephone Operating Revenues	48
301.	Telephone Operating Expenses	48
	Net Telephone Operating Revenues (or Deficit)	
302.	Other Operating Revenues	48
303.	Other Operating Expenses	48
304.	Uncollectible Operating Revenues	48
305.	Taxes Assignable to Operations	49
	Operating Income (Or Loss).	

II. Non-operating Revenues

310.	Rent Revenues from Lease of Telephone Plant	49
311.	Miscellaneous Rent Revenues	49
312.	Dividend Revenues	49
313.	Interest Revenues	49
314.	Sinking And Other Reserve Fund Accretions	50
315.	Profits From Operations of Others	50
316.	Miscellaneous Non-operating Revenues	50

III. Non-operating Revenue Deductions

320.	Rent Expense	51
321.	Miscellaneous Non-operating Expense	51
322.	Non-operating Taxes	51
323.	Uncollectible Non-operating Revenues	51

IV. Deductions from Gross Income

330.	Rent Deductions for Lease of Telephone Plant	51
331.	Rent Deductions for Telephone Offices	51
332.	Rent Deductions for Conduits, Poles, and Other Supports	52
333.	Rent Deductions for Instruments & Equipment	52
334.	Miscellaneous Rent Deductions	52
335.	Interest Deductions for Funded Debt	52
336.	Other Interest Deductions	52
337.	Loss On Operations of Others	53
338.	Amortization of Debt Discount & Expense	53
339.	Release of Premiums on Debt—Cr	53
340.	Amortization of Landed Capital	53
341.	Miscellaneous Deductions from Income	53
	Net Income (Or Loss).	

(46) V. Disposition of Net Income

Page

350. Appropriations of Income to Sinking And Other Reserve Funds 53
351. Dividend Appropriations of Income 54
352. Appropriations of Income for Construction, Equipment, and Betterments 54
353. Miscellaneous Appropriations of Income 55
Income Balance Transferred to Credit (Or Debit) of Corporate Surplus or Deficit Account:

[fol. 5187] Corporate Surplus or Deficit Account

(56) I. Credits

Balance (at Beginning of Fiscal Period):
400. Credit Balance Transferred from Income Account 57
401. Miscellaneous Additions to Surplus 57
Balance Debit (At End of Fiscal Period) Carried to Balance Sheet .....

II. Debits

Balance (at Beginning of Fiscal Period):
410. Debit Balance Transferred from Income Account 57
411. Appropriations of Surplus to Sinking and Other Reserve Funds 57
412. Dividend Appropriations of Surplus 58
413. Realized Depreciation Not Covered by Reserves 58
414. Amortization Unprovided for Elsewhere 58
415. Appropriations of Surplus for Construction, Equipment, and Betterments 58
416. Miscellaneous Appropriations of Surplus 59
417. Other Deductions From Surplus 59
Balance Credit (at End of Fiscal Period) Carried to Balance Sheet.

(60) Operating Revenue Accounts

I. Exchange Service Revenues

500. Subscribers' Station Revenues 61
501. Public Pay Station Revenues 61

	Page
502. Miscellaneous Exchange Service Revenues	61
503. Service Stations	61
504. Private Exchange Lines	61
505. Minor Rents of Exchange Plant	61
506. Other Exchange Revenues	61

II. Toll Service Revenues

510. Message Tolls	62
511. Miscellaneous Toll Line Revenues	62
512. Leased Toll Lines	62
513. Telegraph Tolls	62
514. Telegraph Service on Toll Lines	62
515. Minor Rents of Toll Plant	62
516. Other Toll Line Revenues	62

III. Miscellaneous Operating Revenues

520. Messenger Service	63
521. Telegraph Commissions	63
522. Other Telegraph Service Charges	63
523. Advertising and Directory	63
524. Rents From Other Operating Property	63
525. Other Miscellaneous Revenue	63
526. Licensee Revenue—Cr.	63
527. Licensee Revenue—Dr.	63

[fol. 5188] When a telephone company is granted by another telephone company the use of its patents, or is furnished instruments and equipment and general supervision under an agreement for apportioning the revenues of the licensee, the proportion accruing to the licensor should be included by the licensee in this account.

Operating Expense Accounts

(64) I. Maintenance Expenses

	Page
601. Supervision of Maintenance	69
602. Repairs of Aerial Plant	69
603. Repairs of Underground Plant	69
604. Repairs of Central Office Equipment	69
605. Repairs of Station Equipment	70
606. Repairs of Buildings and Grounds	70
607. Station Removals and Changes	70

	Page
608. Depreciation of Plant and Equipment	71
609. Extraordinary Depreciation	71
610. Other Maintenance Expenses	71
611. Repairs Charged to Reserves—Cr.	71
II. Traffic Expenses	
620. Central Office Superintendence	71
621. Traffic Superintendence	71
622. Service Inspection	72
623. Clerical Operating Wages	72
624. Operators' Wages	72
625. Central Office Supplies and Expenses	72
626. Rest and Lunch Rooms	72
627. Operators' Schooling	72
628. Transmission Power	72
629. Central Office Stationery and Printing	72
630. Messenger Service	72
631. Miscellaneous Central Office Expenses	73
632. Pay Station Expenses	73
633. Other Traffic Expenses	73
III. Commercial Expenses	
640. Commercial Administration	73
641. Promotion Expenses	73
642. Advertising	73
643. Canvassing	73
644. Sublicensee Relations	74
645. Collection Expenses	74
646. Revenue Accounting	74
647. Revenue Collecting	74
648. Pay Station Commissions	74
649. Directory Expenses	74
650. Other Commercial Expenses	74
[fol. 5189] IV. General and Miscellaneous Expenses	
(65)	
660. General Office Salaries	74
661. Salaries of General Officers	74
662. Salaries of General Office Clerks	74
663. General Office Supplies and Expenses	75
664. Expenses of General Officers and Clerks	75

Page
665. General Office Stationery and Printing . . . 75
666. Other General Office Supplies and Expenses . 75
667. General Law Expenses . . . 75
668. Insurance . . . 75
669. Accidents and Damages . . . 76
670. Law Expenses Connected with Damages . . . 76
671. Miscellaneous General Expenses . . . 76
672. Relief Department and Pensions . . . 76
673. Telephone Franchise Requirements . . . 76
674. Amortization of Franchises and Patents . . . 77
675. Other General Expenses . . . 77
676. Telephone Franchise Requirements—Cr. . . . 77

(68)

Account No. 413, "Realized Depreciation Not Covered by Reserves," is provided in the Corporate Surplus or Deficit account for charges for realized depreciation on tangible fixed capital retired when such depreciation occurred prior to the establishment of account No. 102, "Reserve for Accrued Depreciation—Cr.," or has not been provided for by credits to that account.

(70) 606. Repairs of Buildings and Grounds.

This account should include the cost of repairing general offices, central offices, test stations, or other telephone offices and the fixtures (except telephone apparatus) therein, such as elevators, plumbing, apparatus for heating, lighting, ventilating, and power; and the cost of maintaining yards and grounds, with their fences, sidewalks, sewers, etc., appurtenant to such buildings. Charge also to this account the cost of repairing shops, stores, stables, and garages, and permanent fixtures therein.

(75) 668. Insurance.

This account should include premiums paid to insurance companies for fire, fidelity, boiler, casualty, burglar, and all other insurance. Charge also to this account and credit account No. 169, "Insurance and Casualty Reserves," amounts set aside as an insurance reserve.

This account should be credited and the proper fixed capital account or accounts concurrently charged with the cost of insurance applicable to construction work.

[fol. 5190]

EXHIBIT X-343

Response to Mr. Blackman's question to Mr. Hammond on cross-examination (Record 5518) as follows:

Q. "Will you make up a little table for me, and add up the yields of the various years of Triple 'A' Bell bonds, the Triple 'A' Railroad bonds, and the Triple 'A' Utility bonds, and tell me what the comparison is that you have taken?"

	Cost to company			Yield to public (on offering price)		
Year	Bell System %	Railroads %	Public Utilities %	Bell System %	Railroads %	Public Utilities %
1923	5.33	5.24	5.77	5.11	5.10	5.52
1925	5.19	5.17	5.24	5.00	4.99	5.00
1926	5.02	4.75	5.08	4.83	4.65	4.91
1929	5.33	4.82	4.93	5.00	4.67	4.75
1930	5.21	4.80	4.88	5.02	4.66	4.69
Arithmetical Average	5.22	4.96	5.18	4.99	4.81	4.97
Weighted Average	5.21	4.94	5.12	5.00	4.78	4.92

All figures taken from Exhibit X-235 and supporting data X-261—Pages 4, 5, 6, 7, and 8.

[fol. 5191]

EXHIBIT X-346

STATE OF ILLINOIS:

PUBLIC UTILITIES COMMISSION

No. 8672

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY to Increase Telephone Rates in All Its Exchanges (Except the City of Chicago) in the Counties of Cook, DuPage, Grundy, Kane, Kendall, Lake, McHenry, and Will

No. 9291

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY for Authority to Put Into Force Certain Rates Throughout the State of Illinois

By the COMMISSION:

A petition filed by the Chicago Telephone Company on November 15, 1919, requests that a temporary order be

entered authorizing the placing in effect on December 1, 1919, for local and long distance telephone service in Illinois certain schedules of rates which modify in some particulars hereinafter enumerated the schedules approved by this Commission in an order entered on July 31, 1919 for rates and charges to continue in effect until November 30, 1919.

The petitioner refers to the application for increased rates filed July 16, 1919, on which the order of July 31, 1919 was entered, and states that since the entry of the order on July 31, 1919 the applicant has filed verified reports as required by said order, showing its operations during the months of August and September, 1919, under the rates and charges fixed by the Commission on July 31, 1919.

The petition also states that case number 8672, previously dismissed, was reinstated by order of the Commission and set for joint hearing with the proceedings in the present case, number 9291.

The petition further states that the reports of the company's operations during the months of August and September, 1919, under the schedule approved by this Commis-
[fol. 5192] sion in its order of July 31, 1919 show that such rates and charges which have been in effect since August 1, 1919 do not produce a revenue sufficient to pay the operating expenses of the applicant and interest on its fixed and current indebtedness after setting aside the funds provided for in said order of July 31, 1919.

It is further stated and the applicant has introduced evidence tending to show that during the month of October, 1919, its operating expenses were increased at the rate of one million, seven hundred and fifty thousand dollars ($1,750,000) per annum by wage increases made in that month to all classes of its employes.

All interested parties having been duly notified, hearings have been held in the city of Chicago in both cases 8672 and 9291, legal representatives of the city of Chicago and of the various municipalities affected in the adjacent territory being present.

The testimony presented tends to show that notwithstanding greatly increased operating expenses no change in the rates charged for service by the petitioner was made from

1913 until the property passed into the control of the Federal Government; that an increase in rates became effective on June 16, 1919 under authority of the Postmaster General, and remained in operation until modified by order of this Commission in its order approved July 31, 1919.

The increased rates first referred to, abolished in the city of Chicago the former flat rates for service, which allowed an unlimited number of calls for a fixed charge per annum. These rates were effective for a limited number of subscribers only, and were not available to new applicants for service. In its order approved July 31, 1919 the Commission continued in effect in the city of Chicago the measured service rates established by the Federal Government, but reduced the charge to four-party residence subscribers to the rate which had been in effect since 1913, [fol. 5193] these subscribers representing over seventy per cent (70%) of the total number of business and residence subscribers of the petitioner in the city of Chicago.

The petitioner has introduced evidence tending to show that the actual cost of its tangible property in the State of Illinois, amounted to seventy-eight million dollars ($78,000,000) on July 31, 1919; and that on that date there was outstanding against said property bonds in the sum of eighteen million, five hundred eighty-five thousand, four hundred and fifty-four dollars ($18,585,454); capital stock in the amount of thirty nine million, one hundred twenty-seven thousand, two hundred and seventy-two dollars ($39,127,272); a total of fifty-seven million, seven hundred twelve thousand, seven hundred twenty-six dollars ($57,712,726). Portions of an appraisal made by Messrs. Byllesby and Arnold during the year 1912 have also been introduced in evidence, which appraisal was used as a basis for re-classifying the book entries showing the original cost of its property.

The rates at present in force in the territory of the petitioner outside of the city of Chicago are an increase over the rates which were in effect in said territory from 1913 to June, 1919, but the increase is not as great as that asked in case number 8672.

The new rates for exchange service in the territory adjacent to Chicago have not been in effect a sufficient length

of time to show their full effect on revenue or to definitely establish a comparison between the proportions of the company's revenues derived from the city of Chicago and the adjoining municipalities. Pending the completion of a final report on this distribution of revenue, the rates for local exchange service at present in force in the adjoining municipalities should be continued in effect and the increase asked for in the petition filed November 15, 1919 should be denied.

[fol. 5194] It appears that subscribers using the four-party service are now paying the same rate for telephone service which had been in effect since 1913, notwithstanding the increased operating expenses and the cost of maintenance. Authority is asked to increase the rates for service to the four-party residence subscribers at a daily guarantee of seven and one-half cents (7½¢) including one and one-half outgoing messages, additional messages four cents (4¢) each. Sufficient evidence has not been placed in the record as to the results of the operation of that branch of the service at the rate asked for to justify this Commission at the present time in approving the placing in effect of the proposed daily guarantee of seven and one-half cent (7½¢) per day on the four-party residence service.

The record thus far made in the proceedings herein tends to show that the petitioner will not receive sufficient revenue to meet all of its operating expenses, interest requirements and provide an adequate return, but the Commission recognizes the fact that this is a temporary order and that no serious injury will be done the petitioner by requiring it to wait its final determination of this case, in order to have its rates definitely determined, when the evidence is closed The petitioner, contrary to most public utility corporations, is financially capable of caring for itself, and no injury, permanent or irreparable, can be done it by postponing its rate adjustment until all the evidence has been received. Any inequality in the rates now sought to be increased and denied in this order, can be taken into account in the final order and adjusted at that time.

This petitioner is not endangered by any fear of bankruptcy, and under the rates now in effect it is more than earning operating expenses, and sufficient to meet interest on its fixed charge, and with the release of the funds im-

pounded under the order of July 31, 1919, we are of the opinion the petitioner will be sufficiently cared for until [fol. 5195] the final order is entered herein. Should this not be the actual result the petitioner is not barred from again presenting its petition to the Commission and request emergency relief, should the same appear necessary. The Commission is further of the opinion that until the final order is entered herein, the present rates in force should be allowed to remain in effect.

[fol. 5196] After carefully considering the evidence the Commission is of the opinion and finds:

(A) That in view of the showing disclosed by the record so far made a situation exists which makes it proper for the Commission to enter a temporary order insuring as far as possible the maintenance of the service rendered by the companies, without disturbance or interruption, and to protect the public as to rates pending the final determination by the Commission of the just and reasonable rates to be charged by the applicant for its service.

(B) That there is not sufficient evidence in the record to justify the approval by the Commission of the proposed schedules filed by the Applicant.

(C) That there is not in the record sufficient evidence from which the value of the applicant's property or the amount which it is entitled to earn may be finally and definitely determined, and that, in the absence of additional evidence, the rights and interests of both the public and the company can be best protected by permitting the company to charge and collect, temporarily, the rates and schedules now in effect, and upon the express terms and conditions hereinafter set forth, said rates to be collected temporarily pending a further investigation and determination of a just and reasonable rate by this Commission.

(D) That in view of the short time in which the rates of the applicant have been in effect in the City of Chicago upon a measured service basis it is desirable that said measured service rates be continued, so that their full effect on the Company's revenues may be determined.

(E) That the following rates and charges for moves and changes are just and reasonable, and should be allowed to

become effective temporarily, pending the final disposition of this case, or the further order of the Commission.

(F) That the long distance and toll rates, as provided in the schedules filed with the Commission on July 16th, 1919, are hereby permitted to become effective, subject to any final order to be hereafter entered by this Commission, but all other rates listed in said schedule so filed, are hereby resuspended for a period not to exceed six months and until the further order of the Commission.

[fol. 5197] It is therefore ordered by the Public Utilities Commission of Illinois as follows:

(1) That the Chicago Telephone Company charge and collect for local service rendered by it to its subscribers and patrons within the City of Chicago the rates now in effect.

(2) That the Chicago Telephone Company charge for the moving of telephones the following rates under the rules and regulations set forth in the schedules filed with the Commission on July 16, 1919.

A. Charges for moves and changes:

1. Charges for changes of location of telephone equipment or wiring on the subscriber's premises:

(a) For moving a telephone set from one location to another on the same premises, a charge of $3.00

(b) For moving any other equipment or wiring from one location to another on the same premises, a charge based on the cost of labor and maferial

2. Charges for changes other than moves, in wiring and equipment on the subscriber's premises made on the initiative of subscriber, to be:

(a) For change in type or style of telephone set, a charge of $3.00.

(b) For other changes in equipment or wiring a charge based on the cost of labor and material

3. The charges specified above not to apply (a) if the changes or moves are required for the proper maintenance of the equipment or service; or (b) if the changes are required because of a change in class or grade of service.

(3) That the Chicago Telephone Company charge and collect for local services rendered by it to its subscribers and patrons within the suburban towns, villages and communities served by it outside of the City of Chicago, and within the State of Illinois, the rates now in effect.

(4) That the Chicago Telephone Company be released from the order heretofore entered, requiring it to set aside funds under the order of the Commission entered July 31, 1919. The release of the fund impounded under the order of July 31, 1919, is made in view of the admitted solvency of petitioner and its ability to respond to reparation of the Commission, and nothing herein shall be construed to modify the right of consumers to receive or the authority [fol. 5198] of the Commission to award and require payment of reparation if awarded pursuant to the terms of the order of July 31, 1919.

(5) That the rates and charges in effect as modified above shall be continued until final hearing and further order by the Commission.

(6) That the long distance and toll rates, as provided in the schedules filed with the Commission on July 16, 1919, are hereby permitted to become effective, subject to any final order to be hereafter entered by this Commission, but all other rates listed in said schedule so filed, are hereby resuspended for a period not to exceed six months and until the further order of the Commission.

(7) That the Commission expressly retains jurisdiction, both as to the rates involved and the parties herein, of this cause, and reserves to itself full right and authority, upon complaint upon application, or upon its own motion, to further investigate the rates permitted to be placed in effect by this order, or the service rendered in connection therewith, and to make such further findings and issue such further orders as may be justified by the facts determined at any subsequent hearing or hearings.

(8) The acceptance by the Chicago Telephone Company within one day from the date hereof of this order and of all the terms and conditions hereof is made an express condition precedent to any and all right of the said company to charge, demand, collect or receive the rates which said com-

pany is by this order permitted to charge temporarily, and upon acceptance of this order in writing, the Chicago Telephone Company shall file with this Commission new schedules of temporary rates and charges effective when filed, applicable to the service to be furnished in accordance herewith, which schedules and charges shall provide for reparation or repayment to the subscribers and patrons of said [fol. 5199] companies of any and all sums which they may be entitled to receive in accordance with the terms of this order if and when this Commission shall by its order prescribe new and different rates to be charged and collected by said company, the said schedules so to be filed to become a part of every contract between the company and its subscribers and patrons.

(9) That all terms and conditions of order approved July 31, 1919, except those specifically modified herein, are continued in full force and effect.

By order of the Commission, at Springfield, Illinois, this 29th day of November, 1919.

(Signed) R. Allan Stephens, Secretary.

VC.

[fol. 5200] EXHIBIT X-347

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF ILLINOIS.

Number 9291

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY for Authority to Put Into Force Certain Rates Throughout the State of Illinois

PETITION OF CHICAGO TELEPHONE COMPANY FOR TEMPORARY RATES IN THE CITY OF CHICAGO

Cutting, Moore and Sidley, Attorneys for Chicago Telephone Company.

William P. Sidley, William D. Bangs, of Counsel.

[fol. 5201] BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF ILLINOIS

Number 9291

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY for Authority to Put Into Force Certain Rates Throughout the State of Illinois

PETITION

The petition of the above named Chicago Telephone Company, applicant, respectfully represents and shows:

1. That the applicant is a corporation duly organized and existing under the laws of the State of Illinois, with its principal place of business in the City of Chicago, Illinois, and owns within the State of Illinois, in the City of Chicago and elsewhere, certain plant, equipment and property used by it for the transmission of telephone messages between points within the State of Illinois, and that, as a public utility it is subject to the provisions of an act entitled "An Act to provide for the Regulation of Public Utilities" in force in the State of Illinois, herein referred to as the Public Utilities Act.

2. That on July 16, 1919, the applicant filed a schedule of rates and charges, and a petition to this Commission for authority to put into force said rates and charges in the [fol. 5202] City of Chicago and throughout the State of Illinois; on July 31, 1919, an order was entered upon said petition whereby this Commission placed in effect in the City of Chicago certain of the rates and charges set forth in said schedule, all of said rates and charges being on a measured service basis; this applicant duly accepted said order in the manner therein provided, filed said schedule of temporary rates and charges, and charged said rates from August 1, 1919, to December 1, 1919.

3. That on November 15, 1919, the applicant filed a petition with this Commission for authority to put into effect in the City of Chicago and elsewhere in the State of Illinois, certain toll and exchange rates, and for authority to make certain charges for installation and moving of telephones;

on November 29, 1919, this Commission entered its order permitting the applicant to put into effect the toll rates referred to in said petition, and a charge for moving telephones referred to in said petition. The said order of November 29, 1919, did not permit any increase of exchange rates in the City of Chicago, or any charge for the installation of telephones therein. This Commission stated in its said order that:

"The record thus far made in the proceedings herein tends to show that the petitioner will not receive sufficient revenue to meet all of its operating expenses, interest requirements and provide an adequate return, but the Commission recognizes the fact that this is a temporary order and that no serious injury will be done the petitioner by requiring it to wait its final determination of this case, in order to have its rates definitely determined, when the evidence is closed. This petitioner, contrary to most public utility corporations, is financially capable of caring for itself, and no injury, permanent or irreparable, can be done it by postponing its rate adjustment until all the evidence has been received. Any inequality in the rates now sought [fol. 5203] to be increased and denied in this order can be taken into account in the final order and adjusted at that time. This petitioner is not endangered by any fear of bankruptcy, and under the rates now in effect it is more than earning operating expenses, and sufficient to meet interest on its fixed charges, and with the release of the funds impounded under the order of July 31, 1919, we are of the opinion the petitioner will be sufficiently cared for until the final order is entered herein. Should this not be the actual result the petitioner is not barred from again presenting its petition to the Commission and request emergency relief, should the same appear necessary."

The applicant duly accepted said order in the manner therein provided and filed a schedule of temporary rates and charges for the City of Chicago, which have been in effect from December 1, 1919, to the present time.

4. That the applicant has proceeded with all due diligence to introduce evidence before this Commission during the months of July, September, October, November and December, 1919, and January, February, March, April and May,

1920; the record in this proceeding consists of over seven thousand pages of testimony introduced on behalf of the applicant, and on behalf of the City of Chicago, together with numerous and voluminous exhibits; the applicant has closed its evidence, reserving its rights to introduce necessary additional evidence; the City of Chicago has not closed its case nor has the applicant introduced any testimony in rebuttal to the testimony already introduced in behalf of the City of Chicago.

5. That the applicant has introduced testimony showing, as to the City of Chicago:

(a) The original cost of its land, buildings, plant and personal property as of July 31, 1919, as shown by its books [fol. 5204] of account, and as verified by a public accountant to be true and correct.

(b) An inventory (and appraisal) of its physical plant as of July 31, 1911, and the gross and net additions to said plant by years, from July 31, 1911, to July 31, 1919, shown by its books of account, and as verified by a public accountant to be true and correct.

(c) A valuation of its lands as of July 31, 1919.

(d) The present value of its exchange and office buildings as of July 31, 1919.

(e) An appraisal of its plant based on a reproduction cost new less deterioration basis as of July 31, 1919 and an estimate of all items of overhead entering therein.

(f) A statement of its construction work in progress as of July 31, 1919, and its required working capital.

(g) An estimate of the going value of its business, and an estimate of the cost of reproducing the business.

That all of said elements necessary and proper to a determination of the present value of this applicant's property used and useful in public service in the City of Chicago are set forth in Exhibit A (in evidence in this proceeding) hereto attached, and made a part hereof.

6. That the applicant has filed with this Commission, as required by its orders heretofore entered, verified statements of its operations from August, 1919, to March, 1920,

inclusive, as set forth for the City of Chicago in Exhibit B (in evidence in this case) hereto attached and made a part hereof.

[fol. 5205] 7. That in order to preserve and maintain its plant and service in the City of Chicago, it has been necessary for this applicant to increase the wages of its employes, and that thereby the operating expenses of this applicant have and will be substantially increased wholly disproportionate to the increase in its revenues; that during the month of October, 1919, operating expenses were substantially increased in the manner aforesaid; in April, 1920, it was necessary for this applicant to again increase its wages to its plant, traffic, commercial and other employes, and that such increased schedule of wages was put into effect to maintain the service without any substantial increase in revenues, and without any change in rates and charges; the effect of such wage increase and the resultant increase in operating expenses on the financial condition of this applicant, is set forth in Exhibit C (in evidence in this proceeding) hereto attached, and made a part hereof.

8. That the average monthly wage in the traffic department in the City of Chicago has more than doubled from 1914 to 1919, as shown by "Employes' Earnings Exhibit Four" in evidence in this proceeding; and for the month of April, 1920, said average earnings amounted to $80.54 per month; that notwithstanding said increased wages this applicant has at present between 950 and 1000 less telephone operators in the City of Chicago than necessary to properly handle the telephone traffic created by its subscribers; the increase in operators' wages made in April, 1920, was effective as of January 1, 1920 (consisting of a premium to operators for continuous service and regular attendance), but was insufficient to retain the operating force, or attract a sufficient number of new operators to maintain the force; it was and is absolutely essential to the maintenance of the [fol. 5206] telephone service in the City of Chicago that this applicant make a further increase of operators' wages; that this applicant has increased its wages to telephone operators by an increase in the wage schedule effective May 23, 1920, applicable to said operators; and its operating expenses, with its present operating force, will be increased

thereby at the rate of over $60,000 per month, or $735,000 per annum, over and above the item of traffic expense set forth in Exhibit C.

That in 1914 the company paid to its operators 16.64 per cent of its gross operating revenues and in the first three months of 1920 it has paid to its operators 24.44 per cent of its gross operating revenues; the expense of operators' wages increased from 23.8 per cent of the total operating expense in 1914 to 31.3 per cent of the total operating expense in the first three months of 1920; the average earnings per employe in the City of Chicago have increased from $56 per month in 1914 to $88 per month in July, 1919, or an increase of 57 per cent as shown by "Employes' Earnings Exhibit One" in evidence in this proceeding, and that said average earnings per employe have increased since July, 1919, to $100 in the City of Chicago, or an increase of 15 per cent over the July, 1919, averages, a total increase of 80 per cent since 1914.

9. That the average exchange revenue per station in the City of Chicago varied between $36.08 and $37.14 per annum during the years from 1913 to 1918, inclusive; for the period from August 1, 1919, to and including February 29, 1920, exchange revenues per station under the present schedule of rates for exchange service in the City of Chicago amounted to $42.75 per station per annum, an increase of approximately 17 per cent over the revenue per station figures for the period from 1913 to 1918.

[fol. 5207] As compared with the increase in exchange revenues per station from 1914 to 1920 of 17 per cent, the total telephone operating expenses per station have increased from $27.04 per annum in 1914 to $37.86 per annum the first three months of 1920, or an increase of approximately 40 per cent; that the foregoing statistics do not include any allowance whatsoever for the increase in operators' wages, made effective in the month of May, 1920.

10. That in order to meet the greatly increased expenses of this applicant since July, 1919, this applicant has introduced testimony setting forth in detail proposed changes of rates in the City of Chicago, with an estimate of the net additional revenue which would be derived from said increased rates, as set forth in Exhibit E (in evidence in this proceeding), hereto attached and made a part hereof.

This applicant further states that the following tables show the prior, present and proposed rates for the different classes of services set forth in Exhibit E as shown by the evidence in this proceeding:

4 C R Four Party Coin Box Residence

This class of service has been in effect in the City of Chicago since the year 1907; the rate for said service from 1907 to 1913 was a guarantee of 5 cents per day, including one outgoing message, additional messages at the rate of 5 cents each; in 1913 the guarantee was continued, but the rate for additional messages decreased to 4 cents each; this rate has continued in effect up to and including the present time, with the exception that for a period of about six weeks at the end of Federal control, the rate was tem-[fol. 5208] porarily increased to a guarantee of 6½ cents a day, including 1.3 outgoing messages.

The proposed rate is a guarantee of 8 cents per day, including 1.6 outgoing messages, additional messages at the rate of 5 cents each; the percentage of subscribers in the City of Chicago having four party nickel residence service has increased from 34 per cent in 1908 to 73 per cent in 1919; the number of stations was 278,506 on August 1, 1919.

2 C R Two Party Coin Box Residence

This class of service has been in effect in the City of Chicago since the year 1907; the rate for said service from 1907 to 1913 was a guarantee of 10 cents per day, including two outgoing messages, additional messages at the rate of 5 cents each; in 1913 the guarantee was continued, but the rate for additional messages decreased to 4 cents each; this rate has continued in effect up to and including the present time, no change having been made during Federal control.

The proposed rate is a guarantee of 12½ cents per day, including 2.5 outgoing messages, additional messages at the rate of 5 cents each. The number of two party nickel residence subscribers was 5,084, March 1, 1920.

2 C B Two Party Coin Box Business

This class of service has been in effect in the City of Chicago since the year 1907; the rate for said service from

1907 to 1913 was a guarantee of 12½ cents per day, including 2.5 outgoing messages, additional messages at the rate of 5 cents each; in 1913 the guarantee was continued, but the rate for additional messages decreased to 4 cents each; this rate has continued in effect up to and including the [fol. 5209] present time, no change having been made during Federal control.

The proposed rate is a guarantee of 15 cents per day, including three outgoing messages, additional messages at the rate of 5 cents each; the number of subscribers in the City of Chicago having two party nickel business service was 27,245, March 1, 19[illegible].

1 C B One Party Coin Box Business

This class of service has been in effect in the City of Chicago since the year 1907; the rate for said service from 1907 to 1913 was a guarantee of 20 cents per day, including four outgoing messages, additional messages at the rate of 5 cents each; in 1913 the guarantee was continued, but the rate for additional messages decreased to 4 cents each; this rate has continued in effect up to and including the present time, no change having been made during Federal control.

The proposed rate is a guarantee of 20 cents per day, including four outgoing messages, additional messages at the rate of 5 cents each; the number of subscribers in the City of Chicago having one party nickel business service was 5,792 March 1, 1920.

1 M B Single Measured Business

This class of service has been in effect in the City of Chicago since the year 1907; the rate for said service from 1907 to 1913 was a guarantee of $60 per annum, including 1,200 outgoing messages, additional messages at a scale declining to a minimum charge of 2 cents per message; in 1913 the guarantee was reduced to $48 for 960 messages, but the minimum charge was continued at 2 cents per message. This rate continued in effect up to June 16, 1919, [fol. 5210] when the following scale was put into effect:

$4.00 a month for a guarantee of 80 messages.
5c. each for next 20 additional messages.
4c. each for next 100 additional messages.

3c. each for next 100 additional messages.
2½c. each for all other additional messages.

The proposed rate is the same as the present schedule with the minimum excess message rate increased from 2½c. to 3c. per message. On March 1, 1920, there were 32,374 direct single measured business lines and 6,276 private branch exchanges in the City of Chicago.

M Trunk Single Measured Business Auxiliary

This class of service has been in effect in the City of Chicago since the year 1907 up to and including the present time without change, at the rate of $2 per month, the outgoing messages over these lines being accounted for under the classes to which they are auxiliary.

The proposed rate is $3 per month. On March 1, 1920 there were 23,454 M Trunks in use.

Business Extensions and P. B. X. Terminals

This class of service has been in effect in the City of Chicago since the year 1907 at the rate of 50 cents per month, and has continued without change up to the present time.

The proposed rate is 75 cents per month. On March 1, 1920, there were a total of 138,637 business extensions and private branch exchange terminals in the City of Chicago.

[fol. 5211] Service Connection Charges

Under the present system, which has been in effect since 1907, excepting during a portion of the Federal control period, the costs of connecting and disconnecting service have been absorbed in the annual charges, under contracts which were made for yearly periods. A cancellation charge is made if the contract is terminated within the year, ranging from $1 to $2 per month, depending upon the class of service covered by the contract. A small percentage of such charges are collectible, and the revenue derived therefrom is insignificant as compared with the costs.

The proposed service connection charges would abolish the cancellation charge and the system of yearly contracts, substituting therefor a charge of $3.50, to be paid by the

subscriber at the time of installing service, with this charge reduced to $1.50 in case connection was established to an instrument in place on subscriber's premises.

11. That under the rate schedule at present in force the rate of return to the company during the months of December, 1919, January, February and March, 1920, was less than 4 per cent on the original cost of its land, buildings, physical plant and personal property in the City of Chicago, without reference to the present value of its property therein, which is greater than its original cost; the present schedule of rates and charges in the City of Chicago is discriminatory between classes of service; the said rates and charges are unreasonable, and if continued will amount to a confiscation of the property of the applicant without due process of law, contrary to the Constitution of the State of Illinois and of the United States of America.

[fol. 5212] 12. That in order for applicant to maintain its service and to make the necessary enlargements and extensions of its plant in the City of Chicago it will be necessary to issue at least ten million dollars ($10,000,000) in new securities, and under the present rates of interest and return on invested capital the fixed charges or requirements of the applicant will be increased between $800,000 and $1,000,000 per annum; the applicant has paid dividends on its outstanding capital stock at the rate of 8 per cent per annum since the year 1908; the net income of the applicant was insufficient to pay said dividends during the calendar year 1917, during the first six months of the year 1918, and during the period from August 1, 1919, to March 31, 1920; that during the period from August 1, 1918, to July 31, 1919, the Chicago Telephone Company was operated by the government of the United States, which guaranteed to it the payment of its fixed charges and dividends on its capital stock at the rate of 8 per cent per annum; the net deficit of the government from its operation of applicant's property during said period was in excess of $1,800,000, and of said amount there remains due and unpaid to the applicant from the United States Government the sum of approximately $600,000; in order to obtain working capital it has been necessary for the applicant to borrow from its principal stockholder, the American Telephone & Telegraph Co., on its demand notes, the sum of $1,272,230 at the rate of 6 per cent per annum; to borrow from bankers on its

demand notes since January 1, 1920, the sum of $2,200,000 at the rate of 6½ per cent per annum; and further bank loans will be immediately necessary in at least the sum of $800,000; that the financial standing and credit of the applicant will be injured if its present schedule of rates and charges in the City of Chicago is continued in effect pending the final order in this proceeding.

[fol. 5213] 13. That the schedule of rates and charges herein set forth is fair and reasonable; that the effect of having increased the rates of certain classes of service and having continued in effect the rates for other classes of service without increase and at rates which have been in effect since the year 1913 results in discrimination as between classes of service and operates to prevent the proper development of the company's business, which, if continued, will cause injury to this applicant; this is particularly true with reference to the rates for 4-party coin box service, affecting the largest class of the company's subscribers in the City of Chicago, which have remained unchanged since the year 1913, notwithstanding greatly increased operating expenses; that the proposed rate changes in the City of Chicago, if put into effect, will yield a return to this applicant of 7.03 per cent on the original cost of the land, buildings, physical plant and personal property of this applicant, and of 3.54 per cent on the present value of its property, based on the present value of its lands and buildings, and the reproduction cost new less deterioration of its physical plant, all in the City of Chicago.

The applicant respectfully represents that an emergency exists because of the matters aforesaid, and especially because of the irreparable damage and injury which will be caused this applicant by the continuance in effect of its present rates and charges, pending a final determination of this proceeding.

The applicant therefore prays that the rates and charges hereinabove set forth shall be put into effect on June 1, 1920, and pending final hearing and determination of this proceeding, and that the applicant be released from all liability to account to its subscribers and patrons for any [fol. 5214] part of the charges made by the applicant since July 31, 1919.

Chicago Telephone Company, by W. R. Abbott, General Manager.

STATE OF ILLINOIS,
County of Cook, ss:

W. R. Abbott, being first duly sworn, deposes and says that he is General Manager of Chicago Telephone Company, that he has read the foregoing petition subscribed by him on behalf of said Chicago Telephone Company, and that the facts therein stated are true and correct to his best knowledge and belief.

W. R. Abbott.

Subscribed and sworn to before this 21st day of May, A. D. 1920. A. O. Sorenson, Notary Public.

[fol. 5215]

EXHIBIT A

Chicago Telephone Company Exhibit, Chicago Division

Valuation Tables

	I Original Costs			II	III
	Total July 31, 1911	Net Additions August 1, 1911, to July 31, 1919	Total July 31, 1919	Reproduction Cost New Less Deterioration 1911-1915 Costs*	Reproduction Cost New Less Deterioration as of 7/31/19
Land	$526,957	$774,277	$1,301,234	$1,301,234	$1,417,020
Buildings	2,328,433	6,244,544	8,572,977	8,315,788	12,134,728
Plant in Service	23,655,539	30,447,433	54,102,972	44,020,427	72,591,293
Construction Work in Progress	.....	.....	433,714	294,926	433,714
General Equipment and Supplies	.....	.....	1,200,923	653,916	883,670
Working Capital	.....	.....	2,000,000	2,000,000	2,000,000
Sub-Totals	.....	.....	$67,611,820	$56,586,291	$89,460,425
Preliminary Costs	.....	.....	.....	447,018	718,023
Engineering Costs	.....	.....	.....	1,900,198	3,045,935
Administrative and Legal Costs	.....	.....	.....	542,914	870,267
Interest During Construction	.....	.....	.....	7,185,532	11,372,020
Going Value	.....	.....	.....	18,187,109	28,777,900
Totals	.....	.....	.....	$84,849,062	$134,244,570

* Except land which is based on July 31, 1919, Book Value and Buildings, Construction Work in Progress, General Equipment and Supplies which are based on July 31, 1919, Book Value less Deterioration.

(Here follows side folio 5216)

[fol. 5216]

EXHIBIT B

Chicago Telephone Company

Exhibit—Income Accounts, Chicago Exchange

	August, 1919	September, 1919	October, 1919	November, 1919	December, 1919	January, 1920	February, 1920	August, 1919, Adjusted as a Normal Month with Increased Expenses	Monthly Average 4 Months November, 1919 to February, 1920	March, 1920
Exchange Revenues	$1,806,780	$1,879,140	$1,870,094	$1,923,204	$1,986,751	$2,103,104	$1,965,026	$1,838,407	$1,994,521	$2,122,856
Toll Revenues	153,771	131,589	144,431	135,426	154,575	158,987	146,795	146,467	148,946	159,943
Miscellaneous Operating Revenues	18,860	16,781	17,506	18,129	19,550	19,136	17,879	18,860	18,674	18,059
Non-operating Revenues	7,284	8,485	8,645	8,569	48,956	10,501	10,264	7,284	19,572	11,859
Gross Revenue	1,986,695	2,035,995	2,040,676	2,085,328	2,209,832	2,291,728	2,139,964	2,011,018	2,181,713	2,312,717
Less Licensee Rev.—Dr.	80,038	121,423	86,203	89,124	89,251	91,211	94,933	86,922	91,130	100,390
Total Revenues	$1,906,657	$1,914,572	$1,954,473	$1,996,204	$2,120,581	$2,200,517	$2,045,031	$1,924,096	$2,090,583	$2,212,327
Traffic Expenses	694,489	624,704	671,210	728,612	786,231	750,059	709,588	754,489	743,623	900,249
Commercial Expenses	206,507	238,981	254,679	261,948	274,425	271,436	269,190	227,512	269,250	333,161
General and Miscellaneous Expenses	53,477	64,945	63,584	70,054	81,147	74,285	73,708	60,254	74,798	84,744
Current Maintenance	283,337	270,193	286,901	300,108	283,771	333,911	299,386	319,749	304,294	329,265
Depreciation	267,232	268,071	269,290	270,846	272,262	276,231	277,403	267,232	274,186	279,370
Uncollectible Revenues	8,210	6,285	6,097	6,406	6,252	6,685	7,031	6,033	6,593	6,694
Taxes	144,267	151,618	161,434	155,336	152,070	181,182	183,056	160,274	167,911	184,594
Rents	4,254	4,840	4,519	4,299	4,402	5,008	4,463	4,254	4,543	4,515
Amortization of Landed Capital	1,052	1,058	1,063	1,069	1,076	1,083	1,090	1,052	1,079	1,096
Other Deductions	408	198	358	732	1,513	4,025	777	408	1,762	636
Total Expenses and Deductions	$1,663,233	$1,630,893	$1,719,135	$1,799,410	$1,863,149	$1,903,905	$1,825,692	$1,801,257	$1,848,039	$2,124,324
Balance for Return	243,424	283,679	235,338	196,794	257,432	296,612	219,339	122,839	242,544	88,003

[fol. 5217]

EXHIBIT C

Chicago Telephone Company

Exhibit Summary Net Financial Condition, Chicago Exchange

	One Year on Basis of Books Nov. 1919 to Feb. 1920	Increased Expenses per Month	One Year with Increased Expenses
Exchange Revenues	$23,934,252	.....	$23,934,252
Toll Revenues	1,787,352	.....	1,787,352
Miscellaneous Operating Revenues	224,088	.....	224,088
Non-Operating Revenues	234,864	.....	234,864
Gross Revenues	$26,180,556	.....	$26,180,556
Less Licensee Revenue—Dr.	1,093,560	.....	1,093,560
Total Revenues	$25,086,996	.....	$25,086,996
Traffic Expenses	$8,923,476	$128,063	$10,460,232
Commercial Expenses	3,231,000	39,129	3,700,548
General and Miscellaneous Expenses	897,576	6,163	971,532
Current Maintenance	3,651,528	25,013	3,951,684
Depreciation	3,290,232	.....	3,290,232
Uncollectible Revenues	79,116	.....	79,116
Taxes (Exclusive of Federal Income Tax)	1,840,471	.....	1,840,471
Rents	54,516	.....	54,516
Amortization of Landed Capital	12,948	.....	12,948
Miscellaneous Deductions	21,144	.....	21,144
Total Expenses and Deductions	$22,002,007	$198,368	$24,382,423
Balance for Return	$3,084,989	.....	$704,573

(Here follows side folio 5218)

[fol. 5218]

Exhibit D

Chicago Telephone Company

Exhibit—Summary—Effect of Proposed Rate Changes on Net Financial Conditions, Chicago Exchange

Code	4CR	2CR	2CB	1CB	1MB	M Trk.			
Class	4 Party Coin Box Residence	2 Party Coin Box Residence	2 Party Coin Box Business	Single Coin Box Business	Single Measured Business	Single Measured Business Auxiliary	Business Extension P.B.X. Terminals	Service Connection Charges	
Rate—Present	5c per day with 1 message Others 4c each	10c per day with 2 messages Others 4c each	12½c per day with 2½ messages Others 4c each	20c per day with 4 messages Others 4c each	$4.00 per month with 80 messages Next 20 5c each " 100 4c " " 100 3c " Others 2½c "	$2.00 per month with no messages	50c per month		
Rate—Proposed	8c per day All messages 5c each	12½c per day All messages 5c each	15c per day All messages 5c each	20c per day All messages 5c each	$4.00 per month with 80 messages Next 20 5c each " 100 4c " Others 3c "	$3.00 per month with no messages	75c per month	$3.50 new $1.50 if using present instrumentalities	
Estimated Additional Net Revenue from Increased Rates	$2,051,692	$33,503	$181,441	$25,903	$724,960	$259,496	$383,470	$388,386	$4,048,851
Balance for Return under Present Rates	704,573	704,573	704,573	704,573	704,573	704,573	704,573	704,573	704,573
Balance for Return with Increased Rates	$2,756,265	$738,076	$886,014	$730,476	$1,429,533	$964,069	$1,088,043	$1,092,959	$4,753,424

[fol. 5219] EXTRACTS FROM EXHIBIT X-348

Mr. Crunden's Working Papers Used in Connection with His Exhibit A-100

A portion only of this Exhibit is being included in the record in the Supreme Court. It is agreed that remaining portions of the Exhibit, together with those taken, amply support Exhibits A-100 and A-101.

(Here follow side folios 5220–5224)

Toll Board Messages

Associated Operating Companies Long Lines and Bell Telephone Co. of Canada (4)

Exhibit A 100

X-348
87

	Total Toll messages	Ratio of Toll Board Messages to Total Toll Messages	Toll Board Messages
year 1923	559 451 425	42.00	234 969 598
1924	609 822 850	42.00	256 125 597
1925	701 379 030	39.70	278 447 475
1926	793 546 269	36.40	288 850 842
1927	874 150 788	33.20	290 218 062
1928	949 793 409	32.30	306 783 271
1929	1.049 552 934	33.21	348 602 000
1930	982 189 299	36.23	355 911 000

FORM D 2048

Employees, Plant and Stations
Exhibit A 100
June 30, 1923

8848
P.8

	A	B	C	D	E	F	G	H	I	J	K	
	Total Regular Employees	Total Regular Employees		Total Plant in Service	Exchange and Toll Lines	Toll Lines	Central Office Equipment	Buildings	Land and Rights of Way	Plant in Service (Excl. Land and Buildings)	Total Company Stations	Sources of Information
		Plant	Traffic									Column
New Eng. Tel. & Tel. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	A-M.R. 23, Sch. H, Line 21
So. New Eng. Tel. Co.	3 955	1 114	[illegible] 377	30 [illegible] 868	[illegible] 839 [illegible] 91	[illegible] 493 565	5 107 [illegible]	[illegible] 376 706	[illegible] 725 675	[illegible] 477 193	[illegible] 09 418	B-M.R. 23, Sch. H, Line 17
New York Tel. Co.	[illegible] 3 579	15 [illegible]	31 789	357 [illegible] 29 [illegible]	166 903 [illegible]	31 [illegible]	84 [illegible]	35 797 913	43 074 [illegible]	314 [illegible]	1 95[illegible]	C-M.R. 23, Sch. H, Line 20
New Jersey Bell Tel. Co.												D-M.R. 6, Col. E, Line 39
Bell Tel. Co. of Penna.	[illegible] 3 374	6 361	[illegible] 009	[illegible] [illegible] 598	76 067 037	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	E-M.R. 6, Sch. E, Line 27 +34
Diamond State Tel. Co.												F-M.R. 6, Sch. E, Line 34
[illegible] & Potomac Cos.												G-M.R. 6, Sch. E, Line 14
Ches. & Pot. Tel. Co.	9 [illegible]	[illegible] 558	6 163	67 [illegible]	36 [illegible]	8 [illegible]	[illegible]	[illegible]	6 [illegible]	61 [illegible]	[illegible]	H-M.R. 6, Sch. E, Line 19
Ches. & Pot. Tel. Co. of B.C.												I-M.R. 6, Sch. E, Line 11
Ches. & Pot. Tel. Co. of Va.												Col. D - I
Ches. & Pot. Tel. Co. of W. Va.												K-M.R. 1 - Sch. S, Line 45
So. Bell Tel. & Tel. Co.	6 980	1 [illegible]	4 195	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	7 [illegible]	[illegible] 013	[illegible] 007	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Ohio Bell Tel. Co.	11 064	3 078	[illegible] 669	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Cinn. & Sub. Bell Tel. Co.	[illegible] 608	669	1 778	18 [illegible]	10 318 [illegible]	[illegible]	3 [illegible]	1 [illegible]	[illegible]	[illegible]	[illegible]	
Michigan Bell Tel. Co.	10 191	[illegible]	5 707	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Indiana Bell Tel. Co.	[illegible]	998	3 [illegible]	30 [illegible]	18 733 [illegible]	[illegible]	[illegible]	930 351	[illegible]	[illegible]	[illegible]	
Wisconsin Tel. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Illinois Bell Tel. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
No'western Bell Tel. Co.	9 866	[illegible] 376	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	936 393	
So'western Bell Tel. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Mtn. States T. & T. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Pacific Tel. & Tel. Co.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Total Asso. Oper. Cos.												
A.T.&T. Co. Long Lines.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		
Total Bell Oper. Cos.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
~~A. T. & T. Co. General~~		–	–									
Total Bell System	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

5221

Total Messages - Exchange and Toll
Exhibit A 100

Z-348
8.9

(5) (6)

	Year 1923	Year 1930
Bell Telephone System		
Exchange* - 1923 - 41,109,000 X 333	13,689,297,000	
1930 - 62,365,000 X 333		20,767,545,000
Toll* - 1923 - 1,683,000 X 325	546,975,000	
1930 - 2,933,000 X 327		959,091,000
Bell Tel Co of Canada		
Exchange Φ - 1923 - 3,435,811 X 333	1,144,125,063	
1930 - 5,301,947 X 333		1,765,548,351
Toll Φ - 1923 - 38,387 X 325	12,476,425	
1930 - 70,637 X 327		23,098,299
Grand Total	15,392,873,788	23,515,282,650

* Average Daily Exchange and Toll Conversations obtained from annual report of American Tel & Tel Co. to stockholders.

Φ Average Daily Exchange and Toll Conversations obtained in annual report of Bell Tel Co. of Canada to stockholders.

FORM D 204P

Employees, Plant and Stations
Exhibit A 100
June 30, 1930

Z-348
P.10
(6)

Source of information. Same as for June 30, 1927 and Q.R. 7A, Col. F, line 42 & 43.

	Total Regular Employees	Total Regular Employees: Plant	Total Regular Employees: Traffic	Total Plant in Service	Exchange and Toll Lines	Toll Lines	Central Office Equipment	Buildings	Land and Buildings	Plant in Service (Exch. Land and Buildings)	Total Company Stations	No. of Home Stations	No. of Telephones Stations
New Eng. Tel & Tel. Co.	[illegible] 877	7 898	11 637	[illegible] 70 163 [illegible]3	134 897 760	[illegible] 8 [illegible] 603	63 683 939	[illegible] 0 167 9[illegible]4	[illegible]9 33[illegible] 959	[illegible]40 830 [illegible]64	1 [illegible]48 5[illegible]4	79	[illegible]58
So. New Eng. Tel. Co.	[illegible] 08[illegible]	1887	[illegible] 339	64 841 [illegible]45	34 407 700	[illegible] 99[illegible] [illegible]43	17 [illegible]4[illegible] 503	6 [illegible] 10 3[illegible]4	8 07[illegible] 471	[illegible]6 766 974	3[illegible] [illegible]84	0	[illegible]1
New York Tel. Co.	[illegible]7 048	19 749	30 [illegible]58	[illegible]7 693 [illegible]40	[illegible]4[illegible] [illegible]2[illegible] 718	[illegible]8 810 356	[illegible]11 3[illegible]4 [illegible]95	8 [illegible]0[illegible] [illegible]7[illegible]	100 [illegible]17 [illegible]19	[illegible]7[illegible] [illegible]76 [illegible]51	[illegible]63[illegible] [illegible]75	1 363	[illegible]07
New Jersey Bell Tel. Co.	[illegible]56[illegible]5	[illegible]4 [illegible]79	8 [illegible]5[illegible]	170 [illegible]76 175	[illegible]4 [illegible]0[illegible] [illegible]95	[illegible]9[illegible]58 0[illegible]8	37 [illegible]5[illegible] 057	19 [illegible]97 3[illegible]3	[illegible]3 3[illegible]1 [illegible]9[illegible]	[illegible]47 [illegible]7[illegible] [illegible]83	6[illegible] [illegible]47	66	3[illegible]
Bell Tel. Co. of Penna.	[illegible]3 810	7 [illegible]07	[illegible]7 [illegible]50	[illegible]7[illegible] 895 188	170 [illegible]19 [illegible]47	[illegible]5 [illegible]89 3[illegible]9	75 [illegible]05 817	[illegible]7 07[illegible] 3[illegible]3	3[illegible] [illegible]53 500	[illegible]40 [illegible]41 [illegible]88	1 [illegible]89 [illegible]17	[illegible]0	[illegible]78
Diamond State Tel. Co.	[illegible]45[illegible]	193	[illegible]7[illegible]	7 [illegible]50 315	3 [illegible]9[illegible] [illegible]64	1 1[illegible]9 486	1 [illegible]63 818	[illegible]16 [illegible]57	6 16 [illegible]45	6 [illegible]33 770	33 [illegible]5[illegible]	0	0
Ches. & Pot. Tel. Co.	3 [illegible]09[illegible]	814	1 [illegible]670	[illegible]9 39[illegible] 756	11 0[illegible]5 [illegible]87	1 [illegible]69 [illegible]57	6 [illegible]869[illegible]8	[illegible]4 7[illegible]7 193	[illegible]5 [illegible]68 [illegible]88	[illegible]3 [illegible]8[illegible] [illegible]68	1[illegible]1 961	0	33
Ches. & Pot. Tel. Co. of B.C.	[illegible]4 [illegible]17[illegible]	1 1[illegible]6	[illegible] 3[illegible]5[illegible]	[illegible]45 7[illegible] [illegible]49[illegible]	[illegible]3 [illegible]69[illegible] 099	[illegible]4 30[illegible] 3[illegible]5	10 [illegible]5[illegible] [illegible]91	[illegible] 80[illegible] [illegible]4[illegible]	3 [illegible]46 [illegible]4[illegible]	[illegible]4[illegible] [illegible]5[illegible] [illegible]5[illegible]	[illegible]13 [illegible]5[illegible]	[illegible]	6
Ches. & Pot. Tel. Co. of Va.	[illegible] [illegible]7[illegible]	778	1[illegible]93	[illegible]7 105 869	[illegible]4 [illegible]77 [illegible]41	[illegible]4 0[illegible]6 [illegible]5[illegible]	[illegible]4 [illegible]5[illegible] 476	[illegible] 90[illegible] 373	3 [illegible]4[illegible] 3[illegible]5	[illegible]3 763 [illegible]34	[illegible]4[illegible] [illegible]11	1	[illegible]
Ches & Pot Tel. Co. of W. Va.	[illegible] 118	[illegible]5[illegible]	1 [illegible]56	[illegible]1 [illegible]5[illegible]6 [illegible]47[illegible]	[illegible]1 [illegible]00 [illegible]00	3 [illegible]61 1[illegible]9	[illegible]4 [illegible]4[illegible] 968	[illegible] 1 [illegible]3[illegible] 133	1738 [illegible]3[illegible]	19 [illegible]07 [illegible]43	11[illegible] [illegible]70	0	0
So. Bell Tel. & Tel. Co.	[illegible]1 [illegible]78	6 683	1[illegible] 3[illegible]1	[illegible]1[illegible] 368 693	119 [illegible]38 [illegible]99	[illegible]1 857 [illegible]07	[illegible]8 [illegible]58 7[illegible]7	[illegible]6 0[illegible]7 161	19 333 [illegible]11	195 [illegible]35 [illegible]8[illegible]	1 [illegible]06 198	0	[illegible]5
Ohio Bell Tel. Co.	13 [illegible]8[illegible]	[illegible] 3[illegible]4	7 637	159 [illegible]73[illegible] 696	77 873 [illegible]41	[illegible]6 [illegible]0[illegible] 97[illegible]	[illegible]3 [illegible]67 [illegible]0[illegible]	17 [illegible]31 388	[illegible]1 [illegible]95[illegible] [illegible]5[illegible]	137 [illegible]81 [illegible]71	7[illegible]7 [illegible]3[illegible]	[illegible]5	[illegible]3[illegible]
Cinn. & Sub. Bell Tel. Co.	3 [illegible]61	985	[illegible]13[illegible]	33 104 [illegible]9[illegible]	16 638 [illegible]76	683 [illegible]7[illegible]	8 199 [illegible]0[illegible]	[illegible] 85[illegible] [illegible]5[illegible]	3 [illegible]4[illegible] 137	[illegible]9 [illegible]5[illegible] [illegible]83	187 013	0	[illegible]5
Michigan Bell Tel. Co.	[illegible]2 [illegible]0[illegible]5	[illegible]5 [illegible]11	6 [illegible]39	165 300 [illegible]85	79 [illegible]06 [illegible]83	18 [illegible]0[illegible] [illegible]8[illegible]	[illegible]1 [illegible]7[illegible] 367	17 [illegible]55 [illegible]44	[illegible]0 689 [illegible]19	[illegible]4[illegible] [illegible]10 [illegible]66	69[illegible] 38[illegible]	0	[illegible]55
Indiana Bell Tel. Co.	[illegible] 387	1 [illegible]4[illegible]	[illegible]48[illegible]	[illegible]3 130 [illegible]75	[illegible]3 [illegible]2[illegible] [illegible]49	6 [illegible]78 311	10 [illegible]90 [illegible]35	[illegible] 858 900	3 [illegible]31 [illegible]65	39 [illegible]99 610	[illegible]7[illegible] 018	[illegible]5	36
Wisconsin Tel. Co.	[illegible] [illegible]50	3 098	[illegible] 358	64 [illegible]76 833	35 119 [illegible]4	11 [illegible]4[illegible] [illegible]2[illegible]	13 [illegible]8[illegible] [illegible]5[illegible]	[illegible]5 [illegible]87 [illegible]08	6 [illegible]16 [illegible]73	[illegible]5[illegible] [illegible]59 [illegible]96	363 36[illegible]	0	[illegible]6
Illinois Bell Tel. Co.	31 [illegible]2[illegible]	[illegible]0[illegible]6	17 700	[illegible]8[illegible] [illegible]79 [illegible]4[illegible]	[illegible]8[illegible] [illegible]4[illegible] 2[illegible]	[illegible]9[illegible] [illegible]7[illegible] [illegible]3[illegible]	[illegible]9[illegible] 73 699 [illegible]17	19 [illegible]3[illegible] [illegible]67	[illegible]5 [illegible]37[illegible] [illegible]04	[illegible]0[illegible] [illegible]3[illegible] 338	1 [illegible]4[illegible] 900	[illegible]7[illegible]	[illegible]65[illegible]
No'western Bell Tel. Co.	1[illegible] 18[illegible]	[illegible]4 [illegible]0[illegible]1	6 709	115 [illegible]93 366	63 [illegible]4[illegible] [illegible]78	[illegible]5 [illegible]33 [illegible]93	[illegible]9[illegible] [illegible]4[illegible] [illegible]7[illegible]	10 [illegible]09[illegible] 810	11 63[illegible] [illegible]49	103 [illegible]57 [illegible]17	[illegible]3[illegible] [illegible]30	[illegible]	[illegible]0
So'western Bell Tel. Co.	[illegible]6 [illegible]83	8 [illegible]35	[illegible]4 [illegible]05	[illegible]4[illegible] [illegible]0[illegible] [illegible]98[illegible] 272	[illegible]4[illegible] [illegible]0[illegible] [illegible]8[illegible]	[illegible]0[illegible] [illegible]3[illegible] [illegible]5[illegible]	71 [illegible]8[illegible] [illegible]36	31 [illegible]3[illegible] [illegible]51	36 [illegible]66[illegible] [illegible]5[illegible]	[illegible]0[illegible] [illegible]4[illegible] [illegible]07	1 368 [illegible]60	[illegible]5[illegible]	6[illegible]
Mtn. States T. & T. Co.	7 [illegible]0[illegible]	[illegible] 377	[illegible]4 [illegible]47	83 [illegible]05 [illegible]97	[illegible]9 [illegible]0[illegible] [illegible]9[illegible]	19 [illegible]89 036	13 [illegible]95[illegible] [illegible]89	7 [illegible]76 [illegible]50	9 [illegible]70 [illegible]13	73 [illegible]35 [illegible]84	[illegible]39 [illegible]84	[illegible]8	[illegible]4
Pacific Tel. & Tel. Co.	30 [illegible]15	10 658	15 [illegible]60	389 [illegible]89 [illegible]13	[illegible]9 [illegible]4[illegible] 036	[illegible]4[illegible] [illegible]83 [illegible]49	[illegible]0[illegible] [illegible]9[illegible] [illegible]35	33 [illegible]37 [illegible]13	[illegible]4 [illegible]7[illegible] [illegible]4[illegible]	34[illegible] [illegible]15 [illegible]83	1 [illegible]67 131	[illegible]5[illegible]	[illegible]4[illegible]
Total Asso. Oper. Cos.													
A.T.&T. Co. Long Lines.	[illegible]1 [illegible]59	13 106	7 831	3[illegible] [illegible]4[illegible] [illegible]28[illegible]	[illegible]5[illegible] 037 [illegible]16	[illegible]5[illegible] 037 [illegible]16	[illegible]4[illegible] [illegible]99 [illegible]36	[illegible]5 337 [illegible]99	6 301 179	3[illegible] [illegible]4[illegible] [illegible]83	76	[illegible]9[illegible]	3[illegible]
Total Bell Oper. Cos.	33[illegible] [illegible]77	[illegible]14 389	[illegible]7[illegible] 067	3,713 [illegible]19 894	[illegible]8[illegible] [illegible]9[illegible] [illegible]33	[illegible]79 [illegible]05 [illegible]33	[illegible]96 [illegible]5[illegible] [illegible]96	335 [illegible]63 [illegible]4[illegible]	[illegible]4[illegible] 398 [illegible]21	3359 [illegible]0[illegible] [illegible]53	15 [illegible]89 [illegible]11	6[illegible]67	[illegible]7[illegible]
~~A.T.&T. Co. General~~													
~~Total Bell System~~													
B... Tel. Co.'s Cleared	15[illegible]39	[illegible]5 [illegible]06	[illegible]0[illegible]61	165 [illegible]5[illegible] [illegible]11	[illegible]5 [illegible]99 [illegible]39	[illegible]4[illegible] [illegible]0[illegible] [illegible]1[illegible]	[illegible]86 [illegible]0[illegible] [illegible]PP	[illegible]PI [illegible]3[illegible] [illegible]6[illegible]	[illegible]8 [illegible]5[illegible] [illegible]11	[illegible]46 [illegible]97[illegible] [illegible]00	[illegible]79[illegible] [illegible]77[illegible]	31[illegible]	[illegible]0
	3[illegible] 316	[illegible]0 [illegible]95	[illegible]8[illegible] [illegible]8	3,938 [illegible]4 [illegible]05	1,93[illegible] [illegible]5 [illegible]67	[illegible]5[illegible] [illegible]0[illegible] [illegible]86	[illegible]8 [illegible]8[illegible] [illegible]86	35[illegible] [illegible]89 [illegible]51	[illegible]3[illegible] [illegible]0[illegible] [illegible]52	3,50[illegible] [illegible]99 [illegible]53	16 [illegible]36 [illegible]5	6383	[illegible]0[illegible]

FORM D 2542

Regular Employees
Exhibit A.19

Source of information - M.R. 23, [redacted], Col. H, Line 21

X 348 (2)
P. 13

	June 30 1923	June 30 1924	June 30 1925	June 30 1926	June 30 1927	June 30 1928	June 30 1929	June 30 1930
New Eng. Tel. & Tel. Co.	27 791	28 887	28 775	33 470	31 751	31 759	31 373	32 877
So. New Eng. Tel. Co.	3 [illegible]	4 159	4 499	4 908	5 113	5 317	5 666	5 087
New York Tel. Co.	53 579	60 579	59 333	64 756	63 583	55 635	63 557	64 048
New Jersey Bell Tel. Co.						13 775	16 394	15 645
Bell Tel. Co. of Penna. #	23 374	24 908	23 970	28 529	23 996	21 391	23 167	23 210
Diamond State Tel. Co.								451
C.P.R. Assoc. Cos. Ches. & Pot. Tel. Co.	9 747	10 477	10 936	10 793	10 798	11 109		
Ches. & Pot. Tel. Co. of B.C.							3355	3035
Ches. & Pot. Tel. Co. of Va.							4090	4 177
Ches. & Pot Tel. Co. of W. Va.							2576	2 727
So. Bell Tel. & Tel. Co.	6 990	7 741	8 368	10 185	10 391	10 [illegible]	2058	2 118
CUMBERLAND TEL. CO.	7 665	7 964	9 757	10 669			22 143	21 498
Ohio Bell Tel. Co.	11 061	11 471	11 911	12 174	12 750	13 519	14 567	13 870
Cinn. & Sub. Bell Tel. Co.	2 608	2 869	2 978	3 096	3 361	3 327	3 562	3 421
Michigan Bell Tel. Co.	10 191	10 776	11 607	12 414	12 893	13 560	14 970	14 005
Indiana Bell Tel. Co.	4 479	4 566	4 758	4 858	3 979	3 789	4 217	4 397
Wisconsin Tel. Co.	5 517	6 067	6 208	6 278	6 430	6 759	7 537	7 550
Illinois Bell Tel. Co.	23 799	24 818	26 117	28 507	28 974	30 504	32 117	31 245
No'western Bell Tel. Co.	9 866	10 084	10 636	10 879	10 869	11 121	12 354	12 184
So'western Bell Tel. Co.	18 999	19 653	20 795	23 715	24 451	26 946	29 239	26 143
Mtn. States T. & T. Co.	6 303	6 424	6 558	6 767	7 300	7 284	8 958	7 940
Pacific Tel. & Tel. Co.	25 653	25 659	27 640	28 371	28 149	28 889	32 770	30 945
Total Bell Oper. Cos.	246 536	267 539	269 677	283 549	287 314	295 570	324 240	316 518
[redacted] Tel. Co. Long Lines								
Total Bell Oper. Cos.								
Cable Tel. Co. (Canada)	11 871	13 333	13 758	13 897	14 443	14 467	17 347	15 239
A.T. & T. Co. (Canada)								
Total Bell System	258 357	275 872	283 930	297 446	301 737	310 037	341 587	331 757

Diamond State Tel. Co. to comparable with Southern Bell Tel. & Tel. Co. 1924

5224

[fol. 5225] EXHIBIT X-349

Exhibits Furnished by Mr. Heiss in Connection with Heiss Ohio Exhibit No. 10, Bearing the Legends "Classification of Departmental Expenses" for the Years 1920–1930, and "Analysis of Departmental Expenses, Year 1931"

(Here follow side folios 5226, 5227, and 5228)

[fol. 5226]

X-349

American Telephone and Telegraph Company (General Department)

Item 1(a)—Classification of Departmental Expenses

Year 1920

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
Salaries	$765,190	$1,064,967	$60,390	$40,849	$38,053	$254,649	$416,391	$231,098	.....	$27,098	$409,291	$3,307,976
Traveling	70,435	145,991	1,086	1,072	756	5,485	64,039	4,113	.....	.....	39,309	332,286
Rent and House Service	142,047	203,776	6,520	16,007	7,092	55,224	77,190	56,261	.....	15,885	61,592	641,594
Postage, Printing and Stationery	28,497	86,937	534	1,914	8,595	37,963	39,640	64,642	.....	16,542	27,062	312,326
Telegrams and Express	1,074	2,079	22	11	2,325	386	612	291	.....	72	673	7,545
Telephone Service	11,951	36,903	481	769	813	4,216	9,205	7,397	.....	253	16,048	88,036
Furniture Repairs, etc Depreciation on Furniture and Fixtures	9,644	15,588	352	1,674	947	3,085	10,294	5,664	.....	1,574	9,598	58,420
Periodicals and books	4,326	285	1,082	156	16,995	2,390	3,206	1,835	.....	19	2,170	32,464
Special Services	1,578	3,239	.....	10	18,711	5,661	1,128	.....	.....	.....	21,090	51,417
Entertainment	5,835	27,588	431	425	101	403	2,235	.....	.....	.....	9,898	46,916
Directors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	17,840	17,840
Contributions	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	15,500	15,500
Attorneys' Fees and Costs	.....	.....	.....	.....	.....	80,824	.....	.....	.....	.....	.....	80,824
Transfer Agents' and Bond Trustees' Charges	.....	.....	.....	.....	.....	.....	.....	21,750	.....	.....	.....	21,750
Insurance Premiums	.....	.....	.....	.....	.....	40	.....	1,314	.....	.....	.....	1,354
Stock Appraisals	.....	.....	.....	.....	.....	.....	.....	750	.....	.....	.....	750
Press Clippings	.....	.....	.....	.....	2,335	.....	.....	.....	.....	.....	.....	2,335
Experimental	1,492,900	4,610	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,497,510
Engineers' Materials	8,877	1,858	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,735
Auditors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,250	5,250
Patents	.....	.....	.....	.....	.....	129,975	.....	.....	.....	.....	.....	129,975
Advertising (including Educational and Publicity)	19,874	7,517	.....	.....	279,863	.....	.....	12,103	.....	.....	10,940	330,301
Annual Reports	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	43,794	43,794
Interest on Employees' Benefit Fund	.....	.....	.....	17,642	.....	.....	.....	.....	.....	.....	.....	17,642
Other Benefit Payments	.....	.....	.....	15,957	.....	.....	.....	.....	.....	.....	.....	15,957
Medical Fees and Expenses	.....	.....	.....	63	.....	.....	.....	.....	.....	.....	.....	63
Maintenance of Employees' Benefit Fund	.....	.....	.....	52,430	.....	.....	.....	.....	.....	.....	.....	52,430
Miscellaneous	34,200	26,658	518	3,593	580	3,135	13,601	4,866	.....	944	126,743	214,838
Total	2,596,428	1,627,996	71,416	152,572	377,166	583,436	637,541	412,088	.....	62,387	816,798	7,337,828
Charged Other Companies for Services rendered by Benefit Department	.....	.....	.....	1,347	.....	.....	.....	.....	.....	.....	.....	1,347
Total Departmental Expenses	$2,596,428	$1,627,996	$71,416	$151,225	$377,166	$583,436	$637,541	$412,088	.....	$62,387	$816,798	$7,336,481

* Secretary included in Administration. Not classified separately prior to 1924.

December 3, 1931

[fol. 5227]

American Telephone and Telegraph Company (General Department)

Item 1(a)—Classification of Departmental Expenses

Year 1921

Items	Development and Research	Operation and Engineering	Personnel	Information	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
Salaries	$942,744	$1,471,084	$156,854	$53,659	$283,160	$556,825	$385,536	$28,949	$31,350	$326,034	$4,236,195
Traveling	93,820	164,827	18,591	2,172	7,403	73,153	1,163	286	.....	12,605	374,020
Rent and House Service	166,435	218,543	27,816	9,225	56,091	88,414	62,485	4,267	17,372	54,721	700,369
Postage, Printing and Stationery	26,128	92,435	21,347	12,254	29,232	48,238	148,382	1,246	28,575	12,752	420,589
Telegrams and Express	1,459	1,375	831	2,816	191	579	358	12	2,224	126	9,971
Telephone Service	8,809	20,237	2,924	577	2,797	6,150	4,027	298	298	12,271	58,388
Furniture Repairs, etc. Depreciation on Furniture and Fixtures	12,926	15,990	3,216	995	3,584	12,357	13,483	1,742	1,604	4,933	70,830
Periodicals and Books	2,675	840	931	735	3,241	4,518	2,110	8	5	2,002	17,065
Special Services	2,256	9,970	69,273	24,448	5,301	1,099	1,781	.....	2	6,172	120,312
Entertainment	5,281	32,766	1,566	2,523	771	5,093	132	109	.....	5,581	53,822
Directors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	23,975	23,975
Subscriptions	.....	.....	21,191	.....	.....	.....	.....	.....	.....	5,500	26,691
Attorneys' Fees and Costs	.....	.....	.....	.....	48,440	.....	.....	.....	.....	.....	48,440
Financial Agents' and Bond Trustees' Charges	.....	.....	.....	.....	.....	.....	38,936	.....	.....	.....	38,936
Insurance Premiums	100	10	.....	.....	.....	.....	2,681	.....	.....	.....	2,791
Press Clippings	.....	.....	.....	2,331	.....	.....	.....	.....	.....	.....	2,331
Experimental	1,322,870	12,108	.....	.....	.....	.....	.....	.....	.....	.....	1,334,978
Engineers' Materials	9,381	2,152	.....	.....	.....	.....	.....	.....	.....	.....	11,533
Auditors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,950	5,950
Patents	.....	.....	.....	.....	54,196	.....	.....	.....	.....	.....	54,196
Advertising (including Educational and Publicity)	20,125	8,625	6,915	472,869	.....	.....	13,867	.....	.....	3,076	525,477
Stock Exchange Charges	.....	.....	.....	.....	.....	.....	25,032	.....	.....	.....	25,032
Annual Reports (including Advertising)	.....	.....	.....	.....	.....	.....	.....	.....	.....	50,933	50,933
Interest on Employees' Benefit Fund	.....	.....	21,716	.....	.....	.....	.....	.....	.....	.....	21,716
Other Benefit Payments	.....	.....	13,015	.....	.....	.....	.....	.....	.....	.....	13,015
Medical Fees and Expenses	.....	.....	88	.....	.....	.....	.....	.....	.....	.....	88
Maintenance of Employees' Benefit Fund	.....	.....	47,425	.....	.....	.....	.....	.....	.....	.....	47,425
Payments for Widening Distrib. of A. T. & T. Co. Stock	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,550,734	1,550,734
Miscellaneous	32,597	20,993	9,807	3,989	1,625	9,335	57,107	487	1,964	126,177	264,081
Total	2,647,606	2,066,955	423,506	588,593	496,032	805,761	757,090	37,404	83,394	2,203,542	10,109,883
Charged other Companies for Services rendered by Benefit Department	.....	.....	2,019	.....	.....	.....	.....	.....	.....	.....	2,019
Restaurant Earnings—Net	.....	.....	.....	.....	.....	.....	.....	.....	.....	840	840
Total Departmental Expenses	$2,647,606	$2,066,955	$421,487	$588,593	$496,032	$805,761	$757,090	$37,404	$83,394	$2,202,702	$10,107,024
Deduct—Payments for widening distribution of American Tel. and Tel. Co. stock—treated as non-license											1,550,734
Balance Departmental Expenses											$8,556,290

December 3, 1931.

[fol. 5228]

American Telephone and Telegraph Company (General Department)

Item 1(a)—Classification of Departmental Expenses

Year 1922

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
Salaries	$1,004,425	$1,560,497	$116,174	$198,549	$74,669	$299,560	$606,340	$555,383	$42,091	$109,450	$264,695	$4,831,833
Traveling	79,809	155,897	15,255	20,614	1,310	6,450	65,430	1,111	270	32	4,033	350,211
Rent and House Service	177,028	237,936	20,428	58,055	16,815	68,454	106,670	141,758	16,060	37,417	78,705	959,326
Postage, Printing and Stationery	14,802	71,466	1,561	16,062	4,683	23,079	32,519	182,664	11,278	42,705	14,051	414,870
Telegrams and Express	1,844	1,231	62	668	2,455	70	212	665	688	1,407	195	9,497
Telephone Service	17,370	20,022	1,183	2,238	766	3,216	7,825	5,322	587	982	7,888	67,399
Furniture Repairs, etc. Depreciation on Furniture and Fixtures	13,760	16,884	1,649	4,925	1,161	3,904	12,433	32,856	2,429	3,017	12,862	105,880
Periodicals and Books	1,085	1,365	84	560	872	2,725	3,329	1,958	25	117	2,017	14,137
Special Services	1,260	16,169	5,198	40,848	24,704	4,352	1,037	1,096	.....	.....	13,500	108,164
Entertainment	4,497	30,389	1,419	1,695	148	789	1,803	241	118	236	6,185	47,520
Directors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	24,960	24,960
Subscriptions	.....	.....	.....	5,000	.....	.....	.....	.....	.....	.....	7,783	12,783
Attorneys' Fees and Costs	.....	.....	.....	.....	.....	54,903	.....	.....	.....	.....	.....	54,903
Financial Agents' and Bond Trustees' Charges	.....	.....	.....	.....	.....	.....	.....	47,599	.....	.....	.....	47,599
Insurance Premiums	510	.....	.....	.....	.....	.....	.....	2,381	.....	.....	.....	2,891
Press Clippings	.....	.....	.....	.....	2,868	.....	.....	.....	.....	.....	.....	2,868
Experimental	975,265	3,765	.....	.....	.....	.....	.....	.....	.....	.....	.....	979,030
Engineers' Materials	9,837	733	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,570
Auditors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	8,075	8,075
Patents	.....	.....	.....	.....	.....	210,363	.....	.....	.....	.....	.....	210,363
Advertising (including Educational and Publicity)	17,500	7,500	.....	6,471	437,135	.....	.....	16,894	.....	.....	60	485,560
Stock Exchange Charges	.....	.....	.....	.....	.....	.....	.....	23,206	.....	.....	.....	23,206
Annual Reports (including Advertising)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	41,030	41,030
Interest on Employees' Benefit Fund	.....	.....	.....	19,601	.....	.....	.....	.....	.....	.....	.....	19,601
Other Benefit Payments	.....	.....	.....	37,753	.....	.....	.....	.....	.....	.....	.....	37,753
Medical Fees and Expenses	.....	.....	.....	5	.....	.....	.....	.....	.....	.....	.....	5
Maintenance of Employees' Benefit Fund	.....	.....	.....	69,364	.....	.....	.....	.....	.....	.....	.....	69,364
Loud Speaker Demonstrations	.....	.....	.....	36,573	.....	.....	.....	.....	.....	.....	.....	36,573
Payments for widening distribution of American Tel. and Tel. Co. stock	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1,550,063	1,550,063
Miscellaneous	33,207	9,896	855	9,674	418	2,095	7,521	114,108	2,173	4,866	71,714	256,527
Total	2,352,199	2,133,750	163,868	528,655	568,004	679,960	845,119	1,127,242	75,719	200,229	2,107,816	10,782,561
Charged Other Companies for Services Rendered by Benefit Department	.....	.....	.....	2,680	.....	.....	.....	.....	.....	.....	.....	2,680
Restaurant Earnings—Net	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,800	5,800
Total Departmental Expenses	$2,352,199	$2,133,750	$163,868	$525,975	$568,004	$679,960	$845,119	$1,127,242	$75,719	$200,229	$2,102,016	$10,774,081
Deduct—Payments for widening distribution of American Tel. and Tel. Co. stock—treated as non-license												1,550,063
Balance Departmental Expenses												$9,224,018

December 3, 1931.

[fol. 5229]

American Telephone and Telegraph Company

(Excluding Long Lines Department)

Department of Operation—General

Apportionment of Expenses to License Activities

Years 1923 to 1930 (Heiss Exhibit No. 10)

	Total Expenses (1)	Direct (Wholly License) Amount (2)	Direct (Wholly License) % of 1 (3)	Other (Non-License) Amount (4)	Other (Non-License) % of 1 (5)
1923	$241,740	$213,551	88	$28,189	12
1924	241,069	209,788	87	31,281	13
1925	243,589	211,565	87	32,024	13
1926	271,875	240,549	88	31,326	12
1927	265,671	233,029	88	32,642	12
1928	286,718	254,250	89	32,468	11
1929	317,727	268,793	85	48,934	15
1930	341,080	277,792	81	63,288	19

June 29, 1931.

(Here follow side folios 5230, 5231, 5232, 5233, 5234, 5235, 5236, 5237, and 5238)

[fol. 5230]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1923 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
Salaries	$1,128,055	$1,735,694	$167,570	$224,792	$84,303	$324,829	$658,488	$563,772	$36,238	$152,213	$300,881	$5,376,835
Traveling	75,867	191,820	12,036	24,128	1,469	7,015	65,332	583	296	515	8,748	387,809
Rent and House Service	246,455	370,906	35,955	95,180	33,194	99,649	166,457	169,536	15,033	70,250	88,636	1,391,251
Postage, Printing & Stationery	16,166	94,655	2,814	13,633	3,747	23,524	36,175	105,559	3,991	41,633	12,649	354,546
Telegrams and Express	3,333	585	19	146	3,553	31	112	117	17	3,565	101	11,579
Telephone Service	37,787	60,133	4,065	4,899	1,368	8,218	14,717	22,334	647	2,162	23,627	179,957
Furniture Repairs, etc	1,972	4,197	175	2,907	795	744	5,528	6,790	68	824	3,791	27,791
Depreciation on Furniture and Fixtures	11,367	11,318	1,284	3,901	928	3,061	6,746	9,434	1,655	2,589	3,686	55,969
Periodicals and Books	2,744	1,629	302	811	1,276	4,096	3,434	2,040	74	90	1,764	18,260
Special Services	9,223	10,651	459	38,112	24,006	6,884	3,934	3,172	10	0	25,154	121,602
Entertainment	5,324	45,123	2,141	9,256	656	1,480	7,520	360	75	408	3,680	76,023
Directors' Fees											24,150	24,150
Subscriptions				5,000							85,330	90,330
Attorneys' Fees and Costs						97,266						97,266
Financial Agents' and Bonds Trustees' Charges												
Insurance Premiums	353							41,477				41,477
Press Clippings								1,748				2,101
Experimental	1,230,332	9,071			3,031							3,031
Engineers' Materials	25,879	490										1,239,403
Auditors' Fees												26,369
Patents											8,100	8,100
Advertising (including Educational and Publicity)						180,696						180,696
Stock Exchange Charges	17,500	7,500		10,542	475,029			15,006			250	525,827
Annual Reports (including Advertising)								1,493				1,493
Interest on Employees' Benefit Fund											36,302	36,302
Other Benefit Payments				58,542								58,542
Medical Fees and Expenses				65,824								65,824
Maintenance of Employees' Benefit Fund				39								39
Loud Speaker Demonstrations				48,527								48,527
Miscellaneous				0							62,345	62,345
Motor Truck Expense	30,347	6,937	14,920	19,453	983	1,698	4,133	11,440	451	4,767	74,192	169,321
Total	2,842,704	2,550,709	241,740	625,692	634,338	759,191	972,573	954,861	58,555	4,092 283,108	763,386	4,092 10,686,857
Charged Other Companies for Services rendered by Benefit Department				22,950								22,950
Restaurant Earnings—Net											21,970	21,970
Total Departmental Expenses	$2,842,704	$2,550,709	$241,740	$602,742	$634,338	$759,191	$972,573	$954,861	$58,555	$283,108	$741,416	$10,641,937
Deduct for Strictly Non-License Activities	716		28,189									28,905
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$2,841,988	$2,550,709	$213,551	$602,742	$634,338	$759,191	$972,573	$954,861	$58,555	$283,108	$741,416	$10,613,032

June 30, 1931.

[fol. 5231]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1924 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Tr
Salaries	$1,347,018	$1,950,619	$165,039	$224,373	$103,153	$16,478	$339,821	$746,546	$1
Traveling	92,404	149,206	15,088	16,177	1,768	2,868	5,418	35,048	
Rent and House Service	250,237	345,062	34,083	89,869	34,336	1,532	87,828	158,668	
Postage, Printing and Stationery	17,332	96,017	2,205	18,179	4,156	0	22,543	37,810	
Telegrams and Express	3,169	286	35	359	3,582		20	83	
Telephone Service	42,246	55,360	5,765	5,452	2,079		7,986	14,683	
Furniture Repairs, etc.	15,508	16,312	1,612	5,411	1,730		3,610	14,010	
Dep'n. on Furn. and Fixtures	2,743	1,569	374	830	1,429		3,638	3,848	
Periodicals and Books	20,201	16,316	737	17,836	20,430		5,531	12,188	
Special Services	6,562	41,740	1,125	5,043	168		591	2,776	
Conference				3,200					
Directors' Fees							47,231		
Subscriptions									
Attorneys' Fees and Costs	1,337	63							
Financial Agents' and Bond Trustees' Charges					3,326				
Insurance Premiums	1,192,183	594							
Press Clippings	11,219	1,170							
Experimental									
Engineers' Materials									
Auditors' Fees	22,502	7,500		18,233	517,555		220,417		
Patents									
Advertising (including Educational and Publicity)									
Stock Exchange Charges									
Annual Reports (including Advertising)									
Interest on Employees' Benefit Fund				78,255					
Other Benefit Payments				28,139					
Medical Fees and Expenses				55					
Maintenance of Employees' Benefit Fund				26,231					
Miscellaneous	54,845	6,526	15,006	18,937	715		2,033	4,477	
Motor Truck Expense									
Loud Speaker and Radio Demonstrations									
Total	3,079,506	2,688,340	241,069	556,579	694,427	21,878	746,667	1,070,737	1,
Charged Other Companies for Services rendered by Benefit Department				41,114					
Less—Restaurant Earnings (Net)									
Total Departmental Expenses	$3,079,506	$2,688,340	$241,069	$515,465	$694,427	$21,878	$746,667	$1,070,737	$1,
Deduct for Strictly Non-License Activities	1,084		31,281						
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$3,078,422	$2,688,340	$209,788	$515,465	$694,427	$21,878	$746,667	$1,070,737	$1,

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1924 (Heiss Exhibit No. 10)

	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$1,347,018	$1,950,619	$165,039	$224,373	$103,153	$16,478	$339,821	$746,546	$656,967	$39,886	$191,663	$321,280	$6,102,843
	92,404	149,206	15,088	16,177	1,768	3,868	5,418	75,648	2,807	259	363	7,231	370,237
	250,237	345,062	34,083	89,869	34,336	1,532	87,828	158,668	172,036	16,921	66,501	82,441	1,339,514
	17,332	96,017	2,205	18,179	4,156	0	22,543	37,810	180,254	3,004	49,250	19,062	449,812
	3,169	286	35	359	3,582		20	83	313	95	8,066	18	16,026
	42,246	55,360	5,765	5,452	2,079		7,986	14,683	29,253	779	3,017	26,043	192,663
	15,508	16,312	1,612	5,411	1,730		3,610	14,010	18,287	1,817	3,197	6,630	88,124
	2,743	1,569	374	830	1,429		3,638	3,848	2,193	64	81	2,522	19,291
	20,201	16,316	737	17,836	20,430		5,531	12,188	3,442	0	6	15,727	112,414
	6,562	41,740	1,125	5,043	168		591	2,776	279	87	251	9,246	67,868
				3,200								29,510	29,510
							47,231					7,000	10,200
													47,231
	1,337	63							59,330				59,330
					3,326				5,796				7,196
	1,192,183	594											3,326
	11,219	1,170											1,192,777
													12,389
												6,600	6,600
	22,502	7,500		18,233	517,555		220,417						220,417
									15,587			125	581,502
									24,653				24,653
				78,255								43,087	43,087
				28,139									78,255
				55									28,139
				26,231									55
	54,845	6,526	15,006	18,937	715		2,033	4,477	86,900	808	4,868	51,002	26,231
											4,002		246,117
												91,273	4,002
	3,079,506	2,688,340	241,069	556,879	694,427	21,878	746,667	1,070,737	1,258,097	63,720	331,265	718,797	91,273
Department				41,114									11,471,082
													41,114
												42,713	42,713
	$3,079,506	$2,688,340	$241,069	$515,465	$694,427	$21,878	$746,667	$1,070,737	$1,258,097	$63,720	$331,265	$676,084	$11,387,255
	1,084		31,281										32,365
) License	$3,078,422	$2,688,340	$209,788	$515,465	$694,427	$21,878	$746,667	$1,070,737	$1,258,097	$63,720	$331,265	$676,084	$11,354,890

[fol. 5232]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1925 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer
Salaries	$1,590,840	$2,150,778	$173,268	$272,494	$120,802	$22,017	$357,281	$834,910	$560,606
Traveling	106,525	167,310	15,864	16,164	1,907	3,094	8,465	83,069	1,095
Rent and House Service	245,762	356,235	30,843	89,408	32,416	2,640	80,983	157,952	143,357
Postage, Printing and Stationery	19,034	104,594	3,464	24,360	4,204	.....	24,133	37,428	115,261
Telegrams and Express	4,357	442	60	977	5,498	.....	8	163	168
Telephone Service	48,624	81,872	5,238	8,031	2,781	.....	8,547	20,336	28,029
Furniture Repairs, etc.	3,472	4,460	354	3,069	574	.....	341	4,911	2,726
Depreciation on Furniture and Fixtures	17,836	12,837	1,601	4,577	1,484	.....	3,191	8,047	10,879
Periodicals and Books	3,337	1,776	395	657	1,658	.....	3,959	4,657	2,213
Special Services	16,904	20,223	700	20,620	19,410	.....	21,875	17,934	2,480
Conferences	6,925	47,545	1,607	11,504	2,153	.....	601	3,347	676
Directors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....
Subscriptions	.....	.....	.....	6,800	.....	.....	.....	.....	.....
Attorneys' Fees and Costs	.....	.....	.....	.....	.....	.....	131,934	.....	.....
Financial Agents' and Bond Trustees' Charges	.....	.....	.....	.....	.....	.....	.....	.....	42,037
Insurance Premiums	2,171	.....	.....	.....	.....	.....	.....	.....	3,190
Press Clippings	.....	.....	.....	.....	4,552	.....	.....	.....	.....
Experimental	1,418,437	7,512	.....	.....	.....	.....	.....	.....	.....
Engineers' Materials	110,658	587	.....	.....	.....	.....	.....	.....	.....
Auditors' Fees	.....	.....	.....	.....	.....	.....	.....	.....	.....
Patents	.....	.....	.....	.....	.....	.....	137,002	.....	.....
Advertising (includes Educational and Publicity)	.....	.....	.....	8,284	541,847	.....	.....	.....	18,065
Annual Reports (includes Advertising)	.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest on Employees' Benefit Fund	.....	.....	.....	93,172	.....	.....	.....	.....	.....
Other Benefit Payments	.....	.....	.....	11,860	.....	.....	.....	.....	.....
Medical Fees and Expenses	.....	.....	.....	1,075	.....	.....	.....	.....	.....
Maintenance of Employees' Benefit Fund	.....	.....	.....	24,832	.....	.....	.....	.....	.....
Loud Speaker and Radio Demonstrations	.....	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous	30,863	6,988	10,195	53,486	1,178	.....	1,945	3,966	14,132
Motor Truck Expense	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total	3,625,745	2,963,159	243,589	651,370	740,464	27,751	780,265	1,176,720	944,914
Less:									
Charged Other Companies for Services Rendered	.....	.....	.....	47,847	.....	.....	.....	.....	.....
Retaurant Earnings (Net)	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total Departmental Expenses	$3,625.745	$2,963,159	$243,589	$603,523	$740,464	$27,751	$780,265	$1,176,720	$944,914
Deduct for Strictly Non-License Activities	895	.....	32,024	.....	.....	.....	.....	.....	.....
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$3,624,850	$2,963,159	$211,565	$603,523	$740,464	$27,751	$780,265	$1,176,720	$944,914

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1925 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$1,590,840	$2,150,778	$173,268	$272,494	$120,802	$22,017	$357,281	$834,910	$560,606	$40,442	$212,378	$390,667	$6,726,483
	106,525	167,310	15,864	16,164	1,907	3,094	8,465	83,069	1,095	228	716	20,362	424,799
	245,762	356,235	30,843	89,408	32,416	2,640	80,983	157,952	143,357	17,479	67,026	79,278	1,303,379
	19,034	104,594	3,464	24,360	4,204		24,133	37,428	115,261	1,491	54,789	23,176	411,934
	4,357	442	60	977	5,498		8	163	168	100	10,539	27	22,339
	48,624	81,872	5,238	8,031	2,781		8,547	20,336	28,029	895	4,118	30,892	239,363
	3,472	4,460	354	3,069	574		341	4,911	2,726	84	1,265	531	21,787
s.	17,836	12,837	1,601	4,577	1,484		3,191	8,047	10,879	1,844	3,237	4,618	70,151
	3,337	1,776	395	657	1,658		3,959	4,657	2,213	55	384	2,584	21,675
	16,904	20,223	700	20,620	19,410		21,875	17,934	2,480		35	16,439	136,620
	6,925	47,545	1,607	11,504	2,153		601	3,347	676	41	290	5,478	80,167
												33,860	33,860
				6,800								4,708	11,508
Charges							131,934						131,934
	2,171								42,037				42,037
									3,190		423	16	5,800
	1,418,437	7,512			4,552								4,552
	110,658	587											1,425,949
													111,245
												6,750	6,750
Publicity)				8,284	541,847		137,002		18,065			13,020	137,002
												42,335	581,216
				93,172									42,335
				11,860									93,172
				1,075									11,860
nd				24,832									1,075
ons													24,832
	30,863	6,988	10,195	53,486	1,178		1,945	3,966	14,132	209	4,803	65,173	65,173
											3,480	44,555	172,320
													3,480
	3,625,745	2,963,159	243,589	651,370	740,464	27,751	780,265	1,176,720	944,914	62,868	363,483	784,469	12,364,797
es Rendered				47,847									47,847
												38,112	38,112
	$3,625,745	$2,963,159	$243,589	$603,523	$740,464	$27,751	$780,265	$1,176,720	$944,914	$62,868	$363,483	$746,357	$12,278,838
ities	895		32,024										32,919
y) or Indirect (Jointly) License	$3,624,850	$2,963,159	$211,565	$603,523	$740,464	$27,751	$780,265	$1,176,720	$944,914	$62,868	$363,483	$746,337	$12,245,919

[fol. 5233]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1926 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer
Salaries	$1,776,478	$2,384,945	$183,166	$332,242	$130,147	$22,079	$317,281	$922,191	$732,791
Traveling	126,670	149,305	17,590	15,452	2,731	3,208	5,582	92,654	1,571
Rent and House Service	304,633	427,542	46,391	138,094	31,564	2,078	79,053	195,376	208,821
Postage, Printing and Stationery	21,317	119,158	2,338	31,469	4,170		30,566	38,805	196,270
Telegrams and Express	9,447	584	31	1,246	4,201		20	141	296
Telephone Service	61,313	109,104	4,702	10,887	2,939		7,756	23,022	29,002
Furniture Repairs, etc.	4,620	5,824	512	5,063	643		390	5,368	11,781
Depreciation on Furniture and Fixtures	19,660	11,854	1,630	4,938	1,164		3,170	7,742	9,742
Periodicals and Books	2,982	1,541	183	1,177	1,330		4,227	4,732	2,180
Special Services	20,297	26,165	4,800	17,603	8,491		58,882	8,819	7,347
Conferences	8,942	47,873	1,941	23,239	300		1,547	2,453	938
Directors' Fees				6,700					
Subscriptions							160,786		
Attorneys' Fees and Costs									59,279
Financial Agents' and Bond Trustees' Charges									3,377
Insurance Premiums	2,378								
Press Clippings	1,764,817	4,011			4,525				
Experimental	130,921	483							
Engineers' Materials									
Auditors' Fees									
Patents									
Advertising (including Educational and Publicity)									
Stock Exchange Charges							80,138		
Annual Reports (including Advertising)				11,608	664,443				14,765
Interest on Employees' Benefit Fund									25,083
Other Benefit Payments				95,951					
Medical Fees and Expenses				12,339					
Maintenance of Employees' Benefit Fund				185					
Loud Speaker and Radio Demonstrations				18,956					
Miscellaneous									
Motor Truck Expense	41,638	12,917	8,591	32,757	672		1,202	5,311	58,509
Total	4,296,113	3,301,306	271,875	759,906	857,320	27,365	750,600	1,306,614	1,381,752
Charged Other Companies for Services rendered by Benefit Department				51,946					
Total Departmental Expenses	$4,296,113	$3,301,306	$271,875	$707,960	$857,320	$27,365	$750,600	$1,306,614	$1,381,752
Deduct for Strictly Non-License Activities	420		31,326						
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$4,295,693	$3,301,306	$240,549	$707,960	$857,320	$27,365	$750,600	$1,306,614	$1,381,752

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1926 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$1,776,478	$2,384,945	$183,166	$332,243	$130,147	$22,079	$317,281	$922,191	$732,791	$42,507	$238,021	$146,834	$7,548,682
	126,670	149,305	17,590	15,452	2,731	3,208	5,582	92,654	1,571	144	389	5,945	421,241
	304,633	427,542	46,391	138,094	31,564	2,078	79,053	195,376	208,821	18,048	87,284	88,277	1,627,161
	21,317	119,158	2,338	31,469	4,170		30,566	38,805	196,270	2,613	71,289	25,774	543,769
	9,447	584	31	1,246	4,201		20	141	296	65	7,266	5	23,302
	61,313	109,104	4,702	10,887	2,939		7,756	23,022	29,002	1,023	5,992	31,064	286,804
	4,620	5,824	512	5,063	643		390	5,368	11,781	88	1,634	607	36,530
s.	19,660	11,854	1,630	4,938	1,164		3,170	7,742	9,742	985	3,324	4,941	69,150
	2,982	1,541	183	1,177	1,330		4,227	4,732	2,180	141	235	2,290	21,018
	20,297	26,165	4,800	17,603	8,491		58,882	8,819	7,347		154	9,775	162,333
	8,942	47,873	1,941	23,239	300		1,547	2,453	938	53	271	5,447	93,004
												32,810	32,810
				6,700								2,500	9,200
Charges							160,786						160,786
	2,378								59,279				59,279
					4,525				3,377			235	5,990
	1,764,817	4,011											4,525
	130,921	483											1,768,828
													131,404
												6,500	6,500
l Publicity)							80,138						80,138
				11,608	664,443				14,765			9,660	700,476
).									25,083				25,083
												41,002	41,002
				95,951									95,951
				12,339									12,339
nd				185									185
ns				18,956									18,956
												2,971	2,971
	41,638	12,917	8,591	32,757	672		1,202	5,311	58,509	456	8,246	38,098	208,397
											3,587		3,587
	4,296,113	3,301,306	271,875	759,906	857,320	27,365	750,600	1,306,614	1,381,752	66,123	427,692	754,735	14,201,401
rendered by Benefit Department				51,946									51,946
	$4,296,113	$3,301,306	$271,875	$707,960	$857,320	$27,365	-$750,600	$1,306,614	$1,381,752	$66,123	$427,692	$754,735	$14,149,455
itles	420		31,326										31,746
y) or Indirect (Jointly) License	$4,295,693	$3,301,306	$240,549	$707,960	$857,320	$27,365	$750,600	$1,306,614	$1,381,752	$66,123	$427,692	$754,735	$14,117,709

[fol. 5234]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1927 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treas
Salaries	$1,933,537	$2,577,975	$204,883	$366,204	$143,277	$22,777	$337,122	$1,026,746	$645
Traveling	147,335	150,966	8,647	16,365	11,248	2,032	5,950	77,772	1
Rent and House Service	323,412	425,436	40,256	139,046	41,198	2,662	84,864	203,159	195
Postage, Printing and Stationery	20,613	147,007	1,701	20,352	4,755		44,419	41,228	124
Telegrams and Express	6,812	612	12	923	7,442		28	185	
Telephone Service	66,771	123,012	6,068	12,138	4,529		8,454	27,107	31
Furniture Repairs, etc	5,780	6,672	278	5,948	1,007		286	5,342	5
Depreciation on Furniture and Fixtures	23,914	13,593	1,441	5,577	1,358		3,397	8,832	10
Periodicals and Books	3,525	1,662	232	1,140	1,748		4,416	4,407	2
Special Services	47,277	33,475	228	12,020	5,467		55,892	6,087	2
Conferences	9,991	65,540	817	12,499	1,734		2,349	8,310	5
Directors' Fees									
Subscriptions				5,700					
Attorneys' Fees and Costs							93,604		
Financial Agents' and Bond Trustees' Charges									
Insurance Premiums	1,833	88							44
Press Clippings									7
Experimental	2,653,821	2,608			5,391				
Engineers' Materials	97,730	859							
Auditors' Fees									
Patents									
Advertising (including Educational and Publicity)	10,000			12,976	559,746		155,445		14
Stock Exchange Charges									2
Annual Reports (including Advertising)									
Interest on Employees' Benefit Fund				54,936					
Other Benefit Payments				9,496					
Medical Fees and Expenses				156					
Maintenance of Employees' Benefit Fund				5,558					
Loud Speaker and Radio Demonstrations									
Miscellaneous	14,147	13,435	1,108	19,851	797		508	3,056	9
Motor Truck Expense									
Provision for Service Pension Fund				285,506					
Total	5,386,498	3,562,940	265,671	986,391	789,697	27,471	796,734	1,412,231	1,103
Charged Other Companies for Services Rendered by Benefit Department				47,976					
Total Departmental Expenses	$5,386,498	$3,562,940	$265,671	$938,415	$789,697	$27,471	$796,734	$1,412,231	$1,103
Deduct for Strictly Non-License Activities	149		32,642						
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$5,386,349	$3,562,940	$233,029	$938,415	$789,697	$27,471	$796,734	$1,412,231	$1,103

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1927 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$1,933,537	$2,577,975	$204,883	$366,204	$143,277	$22,777	$337,122	$1,026,746	$645,664	$41,221	$261,276	$518,260	$8,098,942
	147,335	150,966	8,647	16,365	11,248	2,032	5,950	77,772	1,633	154	567	10,914	433,583
	323,412	425,436	40,256	139,046	41,198	2,662	84,864	203,159	195,102	18,200	86,988	91,717	1,652,040
	20,613	147,007	1,701	20,352	4,755		44,419	41,228	124,872	1,485	61,429	32,173	500,034
	6,812	612	12	923	7,442		28	185	408	25	8,395	84	24,926
	66,771	123,012	6,068	12,138	4,529		8,454	27,107	31,203	1,262	6,300	32,788	319,632
res	5,780	6,672	278	5,948	1,007		286	5,342	5,179	54	1,548	1,379	33,473
	23,914	13,593	1,441	5,577	1,358		3,397	8,832	10,718	1,004	3,604	5,468	78,906
	3,525	1,662	232	1,140	1,748		4,416	4,407	2,381	41	294	2,377	22,223
	47,277	33,475	228	12,020	5,467		55,892	6,087	2,287	0	4	11,402	174,130
	9,991	65,540	817	12,499	1,734		2,349	8,310	5,124	37	303	23,656	130,360
												31,760	31,760
				5,700								27,500	33,200
Charges							93,604						93,604
	1,833	88							44,306				44,306
					5,391				7,729		79	15	9,744
	2,653,821	2,608											5,391
	97,730	859											2,656,429
													98,589
												6,000	6,000
nd Publicity)	10,000			12,976	559,746		155,445		14,627			0	155,445
ng)									2,867				597,349
l												40,691	2,867
				54,936									40,691
				9,496									54,936
Fund				156									9,496
tions				5,558									156
													5,558
	14,147	13,435	1,108	19,851	797		508	3,056	9,039	151	6,555	250	250
											3,583	40,490	109,137
				285,506									3,583
													285,506
	5,386,498	3,562,940	265,671	986,391	789,697	27,471	796,734	1,412,231	1,103,130	63,634	440,925	876,924	15,712,246
es Rendered by Benefit Department				47,976									47,976
	$5,386,498	$3,562,940	$265,671	$938,415	$789,697	$27,471	$796,734	$1,412,231	$1,103,130	$63,634	$440,925	$876,924	$15,664,270
ivities	149		32,642										32,791
olly) or Indirect (Jointly) License	$5,386,349	$3,562,940	$233,029	$938,415	$789,697	$27,471	$796,734	$1,412,231	$1,103,130	$63,634	$440,925	$876,924	$15,631,479

[fol. 5235]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1928 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer
Salaries	$2,156,751	$2,808,803	$223,524	$378,851	$197,289	$21,998	$379,846	$1,075,403	$916,722
Traveling	132,252	155,345	8,574	16,323	4,045	2,393	4,938	89,034	1,051
Rent and House Service	337,719	435,054	42,175	144,951	53,550	3,487	86,072	206,271	240,360
Postage, Printing and Stationery	24,223	149,624	1,943	25,502	6,357		25,343	46,420	235,384
Telegrams and Express	5,840	474	36	207	1,273		20	110	450
Telephone Service	91,503	151,190	6,539	18,384	7,178		9,295	33,611	37,902
Furniture Repairs	34,171	19,503	1,759	10,229	2,475		3,301	14,122	25,892
Depreciation on Furniture and Fixtures	3,315	2,134	136	828	1,720		8,508	4,318	2,840
Periodicals and Books	72,101	24,540	110	8,215	5,900		33,042	7,558	14,230
Special Services	10,210	79,764	906	10,817	2,503		1,426	3,571	735
Conferences				5,700					
Directors' Fees							162,563		
Subscriptions	2,064								67,780
Attorneys' Fees and Costs									4,812
Financial Agents' and Bond Trustees' Charges	2,616,502	4,104			7,175				
Insurance Premiums	27,674	585							
Press Clippings									
Experimental									
Engineers' Materials									
Auditors' Fees							314,570		
Patents				11,573	743,201				15,301
Advertising (including Educational and Publicity)									33,647
Stock Exchange Charges									
Annual Reports (including Advertising)				73,170					
Benefit Payments, etc	12,492	19,571	1,016	17,414	1,332		406	4,053	51,120
Miscellaneous				251,111					
Motor Truck Expense									
Prov. for Service Pension Fund									
Total	5,526,817	3,850,691	286,718	973,275	1,033,998	27,878	1,029,330	1,484,471	1,648,226
Charged Other Companies for Services Rendered by Benefit Department				48,857					
Total Departmental Expenses	$5,526,817	$3,850,691	$286,718	$924,418	$1,033,998	$27,878	$1,029,330	$1,484,471	$1,648,226
Deduct for Strictly Non-License Activities		36,708	32,468						
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$5,526,817	$3,813,983	$254,250	$924,418	$1,033,998	$27,878	$1,029,330	$1,484,471	$1,648,226

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1928 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$2,156,751	$2,808,803	$223,524	$378,851	$197,289	$21,998	$379,846	$1,075,403	$916,722	$44,428	$264,237	$460,681	$8,928,533
	132,252	155,345	8,574	16,323	4,045	2,393	4,938	89,034	1,051	167	396	15,547	430,065
	337,719	435,054	42,175	144,951	53,550	3,487	86,072	206,271	240,360	18,427	90,344	94,941	1,753,351
	24,223	149,624	1,943	25,502	6,357		25,343	46,420	235,384	1,727	75,914	29,115	621,552
	5,840	474	36	207	1,273		20	110	450	132	10,167	35	18,744
	91,503	151,190	6,539	18,384	7,178		9,295	33,611	37,902	1,886	8,675	35,292	401,455
ures)	34,171	19,503	1,759	10,229	2,475		3,301	14,122	25,892	926	5,258	8,211	125,847
	3,315	2,134	136	828	1,720		8,508	4,318	2,840	40	215	2,559	26,613
	72,101	24,540	110	8,215	5,900		33,042	7,558	14,230		44	12,141	177,881
	10,210	79,764	906	10,817	2,503		1,426	3,571	735	31	232	5,563	115,758
												32,670	32,670
				5,700								1,000	6,700
Charges							162,563						162,563
	2,064								67,780				67,780
									4,812				6,876
					7,175								7,175
	2,616,502	4,104											2,620,606
	27,674	585											28,259
												8,000	8,000
nd Publicity)							314,570						314,570
				11,573	743,201				15,301			2,191	772,266
ng)									33,647				33,647
												31,889	31,889
				73,170									73,170
	12,492	19,571	1,016	17,414	1,332		406	4,053	51,120	699	6,196	37,247	151,546
											4,324		4,324
				251,111									251,111
	5,526,817	3,850,691	286,718	973,275	1,033,998	27,878	1,029,330	1,484,471	1,648,226	68,463	466,002	777,082	17,172,951
es Rendered by Benefit Department				48,857									48,857
	$5,526,817	$3,850,691	$286,718	$924,418	$1,033,998	$27,878	$1,029,330	$1,484,471	$1,648,226	$68,463	$466,002	$777,082	$17,124,094
ivities		36,708	32,468										69,176
olly) or Indirect (Jointly) License	$5,526,817	$3,813,983	$254,250	$924,418	$1,033,998	$27,878	$1,029,330	$1,484,471	$1,648,226	$68,463	$466,002	$777,082	$17,054,918

[fol. 5236]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1929 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Tres
Salaries	$2,319,998	$3,052,991	$258,132	$405,934	$220,420	$28,875	$402,694	$1,151,232	$96
Traveling	153,086	159,357	6,263	16,531	6,960	2,426	2,863	86,515	
Rent and House Service	341,239	452,862	38,744	147,148	55,086	4,440	91,466	210,993	25
Postage, Printing and Stationery	27,677	171,216	2,077	36,645	8,324		11,936	48,709	15
Telegrams and Express	6,995	1,003	11	668	2,551		20	157	
Telephone Service	97,438	200,356	8,345	20,832	13,392		10,899	38,982	4
Furniture Repairs, etc	6,194	8,361	350	7,003	658		645	7,087	1
Depreciation on Furniture and Fixtures	27,460	14,066	1,432	5,789	1,754		2,886	8,207	1
Periodicals and Books	3,656	2,780	141	1,394	2,007		9,752	4,840	
Special Service	46,021	16,492	125	16,242	10,664		26,884	1,513	1
Conferences	11,715	89,566	1,210	17,844	5,563		472	4,052	
Directors' Fees									
Subscriptions				5,825					
Attorneys' Fees and Costs									
Patents							50,576		
Press Clippings							77,818		
Experimental					6,526				
Engineers' Materials	3,911,981	3,488							
Financial Agents' and Bond Trustees' Charges	89,151	406							
Insurance									
Advertising (including Educational and Publicity)	1,814								50
Stock Exchange Charges				13,892	1,122,591				6
Auditors' Fees									15
Annual Reports (including Advertising)									
Miscellaneous									
Service Pension Accruals	45,733	36,224	897	22,199	3,759		3,814	4,535	44
Benefit Payments (other than Service Pensions)				282,123					
				110,821					
Total	7,090,199	4,209,168	317,727	1,110,890	1,460,255	35,741	692,727	1,566,822	1,591
Charged Other Companies for Services Rendered by Benefit Department				54,584					
Total Departmental Expenses	$7,090,199	$4,209,168	$317,727	$1,056,306	$1,460,255	$35,741	$692,727	$1,566,822	$1,591
Deduct for Strictly Non-License Activities		107,063	48,934		113,085				
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$7,090,199	$4,102,105	$268,793	$1,056,306	$1,347,170	$35,741	$692,727	$1,566,822	$1,591
June 30, 1931									

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1929 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$2,319,998	$3,052,991	$258,132	$405,934	$220,420	$28,875	$402,694	$1,151,232	$968,386	$45,604	$271,314	$421,486	$9,547,066
	153,086	159,357	6,263	16,531	6,960	2,426	2,863	86,515	2,705	77	555	14,087	451,427
	341,230	452,862	38,744	147,148	55,086	4,440	91,466	210,993	255,743	18,952	95,740	99,950	1,811,994
	27,677	171,216	2,077	36,645	8,324		11,936	48,709	156,321	1,612	96,077	65,041	620,635
	6,995	1,003	11	668	2,551		20	157	587	122	12,233	5	24,342
	97,438	200,356	8,345	20,832	13,392		10,899	38,982	45,128	2,177	10,881	38,779	487,259
	6,194	8,361	350	7,003	658		645	7,087	11,640	47	3,193	17,380	62,558
res	27,460	14,066	1,432	5,789	1,754		2,886	8,207	10,962	839	3,374	5,749	82,518
	3,656	2,780	141	1,394	2,007		9,752	4,840	3,621	94	315	2,023	30,623
	46,021	16,492	125	16,242	10,664		26,884	1,513	17,541	0	101	10,154	145,737
	11,715	89,566	1,210	17,844	5,563		472	4,052	1,158	7	182	5,771	137,540
				5,825								52,140	52,140
							50,576					3,500	9,325
							77,818						50,576
					6,526								77,818
	3,911,981	3,488											6,526
	89,151	406											3,915,469
s' Charges													89,557
	1,814								50,854				50,854
nd Publicity)				13,892	1,122,591				6,667		112	81	8,674
									15,313			0	1,151,796
									0				0
ng)												7,500	7,500
	45,733	36,224	897	22,199	3,759		3,814	4,535	44,437	187	13,968	33,201	33,201
e Pensions)				282,123								27,080	202,833
				110,821									202,123
													101,821
es Rendered by Benefit Department	7,090,199	4,209,168	317,727	1,110,890	1,460,255	35,741	692,727	1,566,822	1,591,063	69,348	508,045	803,927	19,455,912
				54,584									54,584
s.	$7,090,199	$4,209,168	$317,727	$1,056,306	$1,460,255	$35,741	$692,727	$1,566,822	$1,591,063	$69,348	$508,045	$803,927	$19,401,328
ivities		107,063	48,934		113,085								269,082
olly) or Indirect (Jointly) License	$7,090,199	$4,102,105	$268,793	$1,056,306	$1,347,170	$35,741	$692,727	$1,566,822	$1,591,063	$69,348	$508,045	$803,927	$19,132,246

[fol. 5237]

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1930 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Tr
Salaries	$2,512,585	$3,321,520	$276,320	$444,295	$244,729	$39,300	$408,528	$1,261,688	$1,4
Traveling	157,990	145,683	12,241	18,618	4,667	4,386	3,235	84,944	
Rent and House Service	382,225	449,590	35,936	142,813	53,096	5,781	95,452	235,196	3
Postage, Printing and Stationery	26,829	182,715	2,236	35,379	5,705		17,763	47,973	3
Telegrams and Express	9,718	731	11	829	2,061		41	255	
Telephone Service	116,553	220,169	10,059	23,746	17,533		14,074	45,797	
Furniture Repairs, etc	9,110	12,509	581	6,435	409		1,504	7,055	
Dep'n'on Furn. and Fix	29,776	15,835	1,417	5,958	1,861		3,257	8,770	
Periodicals and Books	4,465	2,253	223	1,322	2,462		11,782	5,633	
Special Services	12,065	10,471	0	6,005	5,450		50,638	896	
Conferences	12,904	90,405	1,480	11,421	2,810		2,100	1,842	
Directors' Fees									
Subscriptions				5,700					
Attorneys' Fees and Costs							58,895		
Patents							298,976		
Press Clippings									
Experimental									
Engineers' Materials	6,304,285	5,416			7,893				
Financial Agents' and Bond Trustees' Charges	168,244	408							
Insurance									
Advertising (including Educational and Publicity)	7,954	20							1
Stock Exchange Charges								19	
Auditors' Fees				11,401	1,133,268				
Annual Reports (including Advertising)									
Miscellaneous									
Service Pension Accruals	63,747	46,338	576	18,816	1,924		786	4,594	
Benefit Payments (Other than Service Pensions)				311,694					
				106,426					
Total	9,818,450	4,504,063	341,080	1,150,858	1,483,859	49,467	967,031	1,704,662	2,4
Charged Other Companies for Services Rendered by Benefit Department				50,585					
Total Departmental Expenses	$9,818,450	$4,504,063	$341,080	$1,100,273	$1,483,859	$49,467	$967,031	$1,704,662	$2,49
Deduct for Strictly Non-License Activities	261,646	163,495	63,288		132,248				
Departmental Expenses Direct (Wholly) or Indirect (Jointly) License	$9,556,804	$4,340,568	$277,792	$1,100,273	$1,351,611	$49,467	$967,031	$1,704,662	$2,49

June 30, 1931.

American Telephone and Telegraph Company (General Department)

Analysis of Departmental Expenses—Year 1930 (Heiss Exhibit No. 10)

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Administration and Sundry Items	Grand Total
	$2,512,585	$3,321,520	$276,320	$444,295	$244,720	$39,300	$408,528	$1,261,688	$1,466,745	$46,764	$307,501	$435,780	$10,765,746
	157,990	145,683	12,241	18,618	4,667	4,386	3,235	84,944	2,983	22	836	5,772	441,377
	382,225	449,590	35,936	142,813	53,096	5,781	95,452	235,196	329,790	14,144	92,536	85,211	1,921,770
	26,829	182,715	2,236	35,379	5,705	.....	17,763	47,973	331,346	3,671	101,989	36,859	792,465
	9,718	731	11	829	2,061	.....	41	255	868	202	14,233	13	28,962
	116,553	220,169	10,359	23,746	17,533	.....	14,074	45,797	72,278	2,370	12,467	42,224	577,270
	9,110	12,509	581	6,435	409	.....	1,504	7,055	21,270	106	5,198	4,232	68,409
	29,776	15,835	1,417	5,958	1,861	.....	3,257	8,770	13,276	928	3,488	4,696	89,262
	4,465	2,253	223	1,322	2,462	.....	11,782	5,633	3,781	69	879	1,969	34,838
	12,065	10,471	0	6,005	5,450	.....	50,638	896	8,242	0	275	9,231	103,273
	12,904	90,405	1,480	11,421	2,810	.....	2,100	1,842	1,359	19	239	4,510	129,089
	a			5,700								49,320	49,320
							58,895					26,250	31,930
							298,976						58,895
					7,893								298,976
	6,304,285	5,416											7,893
ces' Charges	168,244	408											6,309,701
													168,652
l and Publicity)	7,954	20							116,499				116,499
				11,401	1,133,268			19	13,623		19		21,835
									17,729			210,000	1,372,398
ising)									74,393				74,393
												7,500	7,500
	63,747	46,338	576	18,816	1,924		786	4,594	25,292	89	15,492	32,634	32,634
vice Pensions)				311,694								59,365	237,019
				106,426									311,694
													106,426
vices Rendered by Benefit Department	9,818,450	4,504,063	341,080	1,150,858	1,483,859	49,467	967,031	1,704,662	2,499,674	68,384	555,152	1,015,566	24,158,246
				50,585									50,585
es	$9,818,450	$4,504,063	$341,080	$1,100,273	$1,483,859	$49,467	$967,031	$1,704,662	$2,499,674	$68,384	$555,152	$1,015,566	$24,107,661
ctivities	261,646	163,495	63,288	.....	132,248	.....	.....	.....	.....	.....	.....	.....	620,677
holly) or Indirect (Jointly) License	$9,556,804	$4,340,568	$277,792	$1,100,273	$1,351,611	$49,467	$967,031	$1,704,662	$2,499,674	$68,384	$555,152	$1,015,566	$23,486,984

[fol. 5238]

American Telephone and Telegraph Company (General Department)

Item 1(a)—Analysis of Departmental Expenses—Year 1931

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	
Salaries	$2,494,935	$3,347,931	$273,615	$421,592	$240,441	$29,210	$378,669	$1,254,569	
Traveling	118,148	103,142	5,482	7,768	3,733	5,252	5,304	86,549	
Rent and House Service	383,376	477,677	30,726	123,869	53,164	3,977	95,324	233,529	
Postage, Printing and Stationery	23,272	136,322	2,442	10,144	3,657		12,992	41,549	
Telegrams and Express	6,752	269	12	16	1,730		4	428	
Telephone Service	139,603	230,214	11,333	26,549	14,204		16,192	45,678	
Furniture Repairs, etc	6,869	10,702	330	5,868	737		421	7,379	
Depreciation on Furniture and Fixtures	34,218	16,514	1,494	6,085	1,910		3,395	9,384	
Periodicals and Books	3,594	2,617	274	858	2,767		7,515	5,249	
Special Services	11,666	10,564	200	6,000	5,250		196,384	2,816	
Conferences	7,413	49,485	1,051	7,536	1,178		688	1,041	
Directors' Fees									
Subscriptions				5,700					
Attorneys' Fees and Costs							60,858		
Patents							136,692		
Press Clippings					8,351				
Experimental	5,530,369	2,547							
Engineers' Materials	103,830	191							
Financial Agents' and Bond Trustees' Charges									
Insurance									
Advertising (including Educational and Publicity)									
Stock Exchange Charges				10,004	1,080,529				
Auditors' Fees									
Annual Reports (including Advertising)									
Miscellaneous									
Service Pension Accruals	18,121	25,356	688	10,606	1,333		1,187	6,904	
Benefit Payments (Other than Service Pensions)				323,493					
				162,783					
Total	8,882,166	4,413,531	327,647	1,128,871	1,419,384	38,439	915,625	1,695,075	1
Charged Other Companies for Services Rendered by Benefit Department				48,176					
Total Departmental Expenses	$8,882,166	$4,413,531	$327,647	$1,080,695	$1,419,384	$38,439	$915,625	$1,695,075	$1
Deduct Expenses Definitely Allocated to Non-License Activities		178,564	54,016		111,904			3,000	
Balance	$8,882,166	$4,234,967	$273,631	$1,080,695	$1,307,480	$38,439	$915,625	$1,692,075	$1

American Telephone and Telegraph Company (General Department)

Item 1(a)—Analysis of Departmental Expenses—Year 1931

Items	Development and Research	Operation and Engineering	Operation, General	Personnel	Information	Public Relations	Legal	Comptroller	Treasurer	Secretary	General Service Bureau	Sundry Items (Including Administration)	Grand Total
	$2,494,935	$3,347,931	$273,615	$421,592	$240,441	$29,210	$378,669	$1,254,569	$985,159	$45,382	$315,801	$369,497	$10,156,801
	118,148	103,142	5,482	7,768	3,783	5,252	5,304	86,549	660	3	468	5,759	342,268
	383,376	477,677	30,726	123,869	53,164	3,977	95,324	233,529	296,407	7,216	84,781	78,983	1,869,029
	23,272	136,322	2,442	10,144	3,657	.....	12,992	41,549	157,702	401	73,184	36,662	498,327
	6,752	269	12	16	1,730	.....	4	428	277	.....	10,385	78	19,951
	139,603	230,214	11,333	26,549	14,604	.....	16,192	45,678	63,613	2,381	14,106	57,513	621,786
tures	6,869	10,702	330	5,868	737	.....	421	7,379	5,639	14	3,193	2,582	43,734
	34,218	16,514	1,494	6,085	1,910	.....	3,395	9,384	14,899	871	3,691	4,667	97,128
	3,594	2,617	274	858	2,767	.....	7,515	5,249	3,600	40	308	1,564	28,386
	11,666	10,564	200	6,000	5,250	.....	196,384	2,816	644	.....	100	8,802	242,426
	7,413	49,485	1,051	7,536	1,178	.....	688	1,041	845	6	152	6,648	76,043
	.....	.....	.....	5,700	.....	.....	.....	.....	.....	.....	.....	45,850	45,850
	.....	.....	.....	.....	.....	.....	60,858	.....	.....	.....	.....	57,150	62,850
	.....	.....	.....	.....	.....	.....	136,692	.....	.....	.....	.....	.....	60,858
	.....	.....	.....	.....	8,351	.....	.....	.....	.....	.....	.....	.....	136,692
	5,530,369	2,547	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	8,361
	103,830	191	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,532,916
ees' Charges	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	104,021
	.....	.....	.....	.....	.....	.....	.....	.....	79,770	.....	.....	.....	79,770
l and Publicity)	.....	.....	.....	.....	.....	.....	.....	.....	8,524	.....	.....	.....	8,524
	.....	.....	.....	10,004	1,080,529	.....	.....	.....	22,485	.....	.....	.....	1,113,018
	.....	.....	.....	.....	.....	.....	.....	.....	6,133	.....	.....	.....	6,133
ising)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	8,000	8,000
	18,121	25,356	688	10,606	1,333	.....	1,187	6,904	5,925	29	11,639	37,727	37,727
vice Pensions)	.....	.....	.....	323,493	.....	.....	.....	.....	.....	.....	.....	30,289	112,077
	.....	.....	.....	162,783	.....	.....	.....	.....	.....	.....	.....	.....	323,493
	8,882,166	4,413,531	327,647	1,128,871	1,419,384	38,439	915,625	1,695,075	1,652,282	56,343	517,808	751,771	162,783
vices Rendered by Benefit Department	.....	.....	.....	48,176	.....	.....	.....	.....	.....	.....	.....	.....	21,798,942
ses	$8,882,166	$4,413,531	$327,647	$1,080,695	$1,419,384	$38,439	$915,625	$1,695,075	$1,652,282	$56,343	$517,808	$751,771	48,176
ated to Non-License Activities	.....	178,564	54,016	.....	111,904	.....	.....	3,000	.....	.....	.....	.....	$21,750,766
	$8,882,166	$4,234,967	$273,631	$1,080,695	$1,307,480	$38,439	$915,625	$1,692,075	$1,652,282	$56,343	$517,808	$751,771	347,484
													$21,403,282

[fol. 5239] EXHIBIT X-351

Heiss Exhibit No. 11

American Telephone and Telegraph Company

Summary for Period 1923 to 1930, Both Inclusive of

A. Estimate of costs incurred by company in rendering license contract services.*

B. Amounts received by company for license contract services.

	A. Costs incurred	B. Amounts received
1923	$21,269,690	$25,901,549
1924	23,939,675	28,377,701
1925	27,003,505	31,965,628
1926	27,971,003	31,546,703
1927	28,605,736	34,242,684
1928	20,671,367	19,204,162
1929	21,740,842	15,878,523
1930	27,746,263	16,511,139
Total	$198,948,081	$203,628,089

Amount by which license revenues exceed costs incurred during eight year period 1923-1930 ..... $4,680,008
Average per year 585,001

* These costs do not include any amounts for contingencies.

April 17, 1931.

[fol. 5240] EXTRACTS FROM EXHIBIT X-352

Annual Report Illinois Bell Telephone Company

Year Ended December 31, 1920

* * * * * * *

Illinois Bell Telephone Company

Chicago, February 1, 1921.

"To the Stockholders:

As shown in the Income Statement submitted herewith the revenue for the year was $33,361,416; the expenses $31,934,955, and the deficit after the payment of the usual dividend $1,773,539.

The record of the Company with respect to earnings over expenses, charges and dividends for ten years is as follows;

Year	Surplus	Deficit
1911	$102,540	
1912	374,412	
1913	475,554	
1914	406,221	
1915	797,047	
1916	1,193,585	
1917		$73,001
1918		793,200
1919		976,395
1920		1,773,539

The excess earnings of the years 1911 to 1916, inclusive, went into the corporate surplus, out of which in 1912 $400,000 was drawn to create a Benefit Fund for employees, increased to $500,000 in 1915, and $541,000 to pay a bonus to [fol. 5241] employees in 1916 to help them meet the increased cost of living.

At the end of 1916 the surplus was $2,495,400. In 1919 the United States Government paid the Company $1,875,600 to cover the loss incurred in the operation of the property, while in its control from August 1, 1918, to July 31, 1919. The losses indicated above of $3,616,000 in four years have been paid from the surplus and the payment by the Government. The balance in the surplus on December 31, 1920 was $629,980. (P. 1)

The war appears to have cost the Telephone Company, the Government, and the telephone subscribers, who have paid increased rates of about $4,300,000, a total of eight million dollars in four years; furthermore, it seriously checked construction, and much of what should have been done in the past three years will now have to be done at a cost for capital, material and labor greatly in excess of pre-war prices.

The vital importance of a surplus in any business was proven by our experience as above, for had we not in the six years prior to 1916 built up a surplus of two and a half million dollars, we could scarcely have survived the losses of the past four years. (P. 2)

* * * * * * *

[fol. 5242] In October and November the plan long under consideration to purchase the telephone property of the Central Union Telephone Company in Illinois, was carried out. The price paid therefor was $15,530,000 in the notes of the Chicago Telephone Company, payable December 1, 1923, and we assumed the payment of underlying bonds amounting to $520,000. The purchase, manifestly in the interest of the public service, was approved by the Illinois Utilities Commission, and we took possession of the property on December 1st.

We acquire exchanges at Peoria, Springfield, Rockford, Rock Island, Moline, Quincy, and in thirty or more other cities having 117,700 telephones and an extensive system of toll lines covering the entire State.

We will have contractual relations with 574 connecting telephone companies in the state, operating 320,000 telephones, so that the state system will include 1,150,000 telephones. (P. 4)

* * * * * * *

[fol. 5243] Annual Report Illinois Bell Telephone Company

Year Ended December 31, 1923

* * * * * * *

On August 16, 1923, the Illinois Commerce Commission entered an order reducing rates in the City of Chicago, which, if operative, would have reduced the company's revenue approximately $1,700,000 per annum. The pres-

ent Chicago rates were fixed upon a minimum valuation made by the former Commission, and are producing less than a fair return on the fair value of our property devoted to the service of the public. The order of the Commission being in our opinion confiscatory of the company's property, application was made to the United States District Court in Chicago for an injunction against the Commission's order. A temporary injunction was issued by three Federal Judges on December 21, and the City of Chicago announced its intention to appeal to the United States Supreme Court. No further proceedings will be had pending the determination of this appeal. (P. 3)

* * * * * * *

[fol. 5244] Annual Report Illinois Bell Telephone Company

Year Ended December 31, 1925

The expenditures for new plant to take care of the demands for service in this territory were the greatest in the history of the company, and it is estimated will be even larger during 1926.

For each telephone gained during the year there was added to the plant $288.29, resulting in an average investment per telephone at the end of the year of $159.31, which compares with $117.83 per telephone at the close of 1915 and $129.32 at the close of 1920.

This increase in the investment per telephone is to a considerable extent the result of the decreased purchasing power of the dollar since 1914, and it will probably be several years before the full effect is reflected in the cost of plant per telephone of your company. (P. 3)

[fol. 5245] Annual Report Illinois Bell Telephone Company

Year Ended December 31, 1927

* * * * * * *

It has heretofore seemed necessary that telephone instruments be owned and maintained by a central organization. This condition no longer obtains. Therefore, at the end of 1927 the American Telephone and Telegraph Company offered to sell and the Illinois Bell Telephone Company bought the telephone instruments in use on its lines but

heretofore owned and maintained by the American Telephone and Telegraph Company. At the same time the American Company made a reduction from 4 per cent to 2 per cent. of gross revenues in the charge for research, engineering, financial and other services furnished the Illinois Bell Telephone Company by the American Company. The purchase of the telephone instruments and their maintenance by this company will increase this company's investment and expense, but it will be more then offset by the 50% reduction in the charge for services. (P. 3)

* * * * * * *

[fol. 5246] Annual Report Illinois Bell Telephone Company

Year Ended December 31, 1929

* * * * * * *

Your Directors Submit Herewith the Balance Sheet and Statement of Operations for the Year 1929.

Net earnings were $17,372,400.66, at the rate of 6.66% on the average book cost of the physical property, which compares with 6.19% for 1928. Net profits were $13,075,212.11, which is $11.89 per share of capital stock and compares with $10.72 per share for 1928.

The rate schedule in effect in Chicago was approved in 1920. For the nine years beginning with 1921, net earnings equalled 6.42% of the average book cost of the physical property and net profits have averaged $11.27 per share of capital stock. (P. 1)

* * * * * * * *

Reduction in Toll Rates

On February 1, 1929, a reduction was made in toll rates affecting the charges on messages covering distances above 130 miles. The estimated amount of the reduction on business of the Illinois Bell Telephone Company was $62,000,000.00 per year.

At the same time, a similar reduction was made in the rates of the American Telephone and Telegraph Company, on charges covering messages from 130 to 1500 miles, and the two reductions, taken together, resulted in an estimated decrease in toll and long distance charges in the territory

[fol. 5247] of this company of approximately $350,000.00 per year.

During December, 1929, arrangements were made for a further reduction affecting charges on toll messages of from approximately 60 to 300 miles. This change was made effective January 1, 1930. The estimated reduction in charges of the Illinois Bell Telephone Company was $262,000.00 per year and on the total charges of this company and the American Telephone and Telegraph Company in our territory, $500,000.00 per year.

These two rate revisions involved an estimated total decrease in charges for toll and long distance messages of $850,000.00 per year in the territory of the Illinois Bell Telephone Company. (P. 4)

* * * * * * *

[fol. 5248] Annual Report of the Illinois Bell Telephone Company for the Year 1930

* * * * * * *

Your Directors submit herewith the Balance Sheet and Statement of Operations for the year 1930.

Net earnings were $17,365,987 at the rate of 6.21% on the average book cost of the physical property, which compares with 6.66% for 1929. Net profits were $12,971,590, which is $9.98 per average share of capital stock outstanding and compares with $11.89 per share for 1929. (P. 3)

* * * * * * *

Reduction in Toll Rates

On January 1, 1930, reductions were made in the rates for toll messages between points separated by distances of approximately sixty to three hundred miles. It is estimated that the saving to customers of this Company from this reduction amounts to about $500,000 per year, approximately half of the saving being on business of the Illinois Bell Company and half on American Telephone and Telegraph Company business in our territory. The four reductions in toll rates made in a period of about three and one-half years involved an estimated total annual saving to patrons of our company in excess of $1,200,000. (P. 6)

* * * * * * *

[fol. 5249] Annual Report of the Illinois Bell Telephone Company for the Year 1931

* * * * * * *

Your Directors submit herewith the Balance Sheet and Statement of Operations for the year 1931.

Net earnings of $16,149,372 for the year were at the rate of 5.58% on the average book cost of the physical property, which compares with 6.21% for 1930. Net profits were $12,816,907, which is $8.54 per average share of capital stock outstanding and compares with $9.98 per average share outstanding for 1930.

While our revenues for the year, in common with those of most other industries, were adversely affected by general business conditions, we were able, by careful management, to finish the year with a margin of earnings above the dividend requirements.

During the year 1931 the number of subscribers' stations connected was 227,575 and the number disconnected 284,116, resulting in a net station loss of 56,541. At the end of the year the total number of stations in service was 15,000 higher than at the beginning of 1929 and about 175,000 higher than five years ago. In addition to connections and disconnections, it was necessary to care for the change in location of 175,068 telephones, due to subscribers' change of address. (P. 3)

* * * * * * *

[fol. 5250] Service

The average number of local telephone calls per day was 5,891,000, a decrease of 4.4% from the average of the previous year. Toll and long distance completed messages averaged 221,000 per day during 1931, a decrease of 6.1%. (P. 5)

* * * * * * *

General Policies

A thorough understanding of our operations, aims and policies tends to promote mutual confidence between the Company and its customers. During the year we have continued our efforts to make these policies known to the public and obtain for them general recognition.

Briefly stated, it is our fundamental policy to furnish the most telephone service and the best at the least cost to our customers; to seek earnings sufficient only to operate the (p. 9) business on a sound financial basis with no large profits for distribution as "melons"; to use any earnings in excess of actual requirements to improve the service or reduce its cost; and to provide adequate compensation and suitable working conditions for employees.

Our business differs from the usual commercial enterprise. We do not manufacture or buy and sell commodities which move rapidly with resulting rapid turnover of capital. We sell a service, made to order, a call at a time. The cost of supplying this service is controlled by two principal items. One of these is the operating costs of rendering and maintaining the service. The other is the capital charges on a vast plant which, once installed, remains continuously in service for the use of the public and is continuously subject to these fixed charges.

[fol. 5251] Because of the great value of our service, both to the individual and the community, it has expanded rapidly within recent years, but because of the inherent characteristics of the telephone business this expansion has not been and cannot be attended by the economies of mass production customary in most industries. As the telephone system grows, the plant and switching arrangements become more complicated and the cost of giving each subscriber access to larger numbers of telephones increases. But the benefits and economies resulting from continuous improvements made in methods and equipment partially offset these rising costs and help avoid the necessity of increasing charges for service.

In this respect we are aided materially by the systematic efforts of the Bell Telephone Laboratories to design better and cheaper equipment, by the studies of the American Telephone and Telegraph Company for the purpose of devising more efficient operating methods, and by the work of the Western Electric Company in producing high grade apparatus at the least cost. All these have been of great value in offsetting the inherent tendency toward constantly rising costs of operation.

It is with great pleasure that the Directors again record their appreciation of both the spirit, and the loyalty to high

standards of service, which characterize the employees of our Company.

It has been the custom in the past to give special recognition to acts of courage or resourcefulness in emergency. At this time we are moved to record recognition of the cour- [fol. 5252] age and devotion of the men and women who are upholding our standards and ideals in the everyday, non-spectacular ways demanded by the difficult time through which all business has been passing. (P. 10)

* * * * * * *

[fol. 5253] EXTRACTS FROM EXHIBIT X-353

Annual Reports v. Western Electric Company
1909 to 1931, Inclusive

Western Electric Company Report to Stockholders

November 30, 1909

[fol. 5254] Assets and Liabilities December 1, 1909

(P. 4)

Assets:

Factory Plants (46.5 per cent of cost)	$8,373,342
Warehouses and Offices (67.9 per cent of cost)	1,101,931
Total Plant in Use (48.3 per cent of cost)	$9,475,273
Merchandise	14,414,697
Cash	1,860,616
Accounts and Bills Receivable	11,753,193
Total Current Assets	$28,028,506
Surplus Plant (65.4 per cent of cost)	2,790,982
Sundry Investments	2,780,859
Grand Total	$43,075,620

Liabilities:	
Capital Stock	$15,000,000
Mortgages and Bonds	110,348
Total Capital Liabilities	$15,110,348
Bills Payable	4,514,799
Bills Receivable Discounted	24,050
Accounts Payable	3,961,813
Total Current Liabilities	$8,500,662
Reserve for Pension Fund	597,494
Other General Reserves	1,430,330
Surplus	17,436,786
Grand Total	$43,075,620

[fol. 5255] Western Electric Company Report to Stockholders

December 31, 1910

[fol. 5256] Western Electric Company

Assets and Liabilities January 1, 1911

(P. 10)

Assets:			
Real Estate and Buildings	$11,697,300		
Depreciation Reserve	3,470,210		
		$8,227,090	(70.3% of Cost)
Machinery and Equipment	$8,387,983		
Depreciation Reserve	6,603,087		
		1,784,896	(21.3% of Cost)
Total Plants		$10,011,986	(49.8% of Cost)
Merchandise	$18,523,512		
Cash	3,596,269		
Bills Receivable	8,643,019		
Accounts Receivable	14,229,079		
Total Current Assets		$44,991,879	
Sundry Investments		3,382,080	
Grand Total		$58,385,945	

Liabilities:		
Capital Stock	$15,000,000	
Mortgages and Bonds Payable, Constituent Companies	91,118	
First Mortgage 5% Bonds	15,000,000	
Total Capital Liabilities		$30,091,118
Bills Payable	$115,385	
Accounts Payable	5,472,333	
Total Current Liabilities		5,587,718
Reserve for Pensions		739,541
General Reserves		2,846,506
Surplus		19,121,062
Grand Total		$58,385,945

R. H. Gregory, Comptroller.

* * * * * * *

[fol. 5257] Western Electric Company Report to Stockholders

December 31, 1911

[fol. 5258] Western Electric Company

Assets and Liabilities, January 1, 1912

(P. 16)

Assets:			
Real estate and buildings	$12,573,932		
Depreciation Reserve	3,795,093		
		$8,778,839	(69.8% of Cost)
Machinery and Equipment	$9,077,466		
Depreciation Reserve	7,281,141		
		1,796,325	(19.8% of Cost)
Total Plants		$10,575,164	(48.8% of Cost)
Merchandise	$18,187,015		
Cash	2,760,727		
Bills Receivable	7,992,561		
Accounts Receivable	14,137,590		
Total Current Assets		$43,077,893	
Sundry Investments		3,758,758	
Grand Total		57,411,815	
Liabilities:			
Capital Stock	$15,000,000		
Mortgages and Bonds Payable, Constituent Companies	91,118		
First Mortgage 5% Bonds	15,000,000		
Total Capital Liabilities		$30,091,118	

Bills Payable	$57,862	
Accounts Payable	4,189,624	
Total Current Liabilities		4,247,486
Reserve for Pensions		786,889
Other General Reserves		2,184,968
Surplus		20,101,354
Grand Total		$57,411,815

R. H. Gregory, Comptroller.

* * * * * * *

[fol. 5259] Western Electric Company Report to Stockholders

December 31, 1912

[fol. 5260] Abnormal expenditures and expenditures which should properly be spread over a period of years although formerly charged to expenses of the year are now charged to a Reserve Account created for this purpose. This Reserve Account in former reports has been called "General Reserves". In this report it is more properly called "Reserve for Contingencies." As the amounts credited to this Reserve during the years 1910 and 1911 have been insufficient to meet the charges against it during the years 1911 and 1912 your Directors have considered it advisable to credit to this account the sum shown in the Earnings statement (p. 20).

* * * * * * * *

Western Electric Company

Assets and Liabilities, January 1, 1913

(P. 22)

Assets:			
Real Estate and Buildings	$12,809,126		
Depreciation Reserve	4,187,825		
		$8,621,301	(67.3% of Cost)
Machinery and Equipment	$9,442,214		
Depreciation Reserve	7,721,951		
		1,720,263	(18.2% of Cost)
Total Plants		$10,341,564	(46.5% of Cost)
Merchandise	$18,947,164		
Cash	2,317,885		
Bills Receivable	10,684,672		
Accounts Receivable	15,470,937		
Total Current Assets		47,420,658	
Sundry Investments		4,388,710	
Grand Total		$62,150,932	
Liabilities:			
Capital Stock	$15,000,000		
Mortgages and Bonds Payable, Constituent Companies	81,501		
First Mortgage 5% Bonds	15,000,000		
Total Capital Liabilities		$30,081,501	
Total Current Liabilities		6,329,686	

Reserve for Employees' Benefits	1,070,000
Reserve for Contingencies	3,500,981
Surplus	21,168,764
Grand Total	$62,150,932

R. H. Gregory, Comptroller.

[fol. 5261] Western Electric Company Report to Stockholders

December 31, 1913

[fol. 5262] * * * * * * *

Western Electric Company

Assets and Liabilities January 1, 1914

(P. 28)

Assets:

Real Estate and Buildings	$10,974,082	
Machinery and Equipment	7,729,741	
Total Plant		$18,703,823
Merchandise	16,966,856	
Cash	2,393,175	
Bills Receivable	9,286,508	
Accounts Receivable	16,738,566	
Total Current Assets		45,385,105
Sundry Investments		9,979,390
Grand Total		$74,068,318

Liabilities:

Capital Stock	$15,000,000	
First Mortgage 5% Bonds	15,000,000	
Total Capital Liabilities		30,000,000
Bills Payable	1,000,000	
Accounts Payable	4,660,517	
Total Current Liabilities		5,660,517
Reserve for Depreciation of Plant		11,022,235
Reserve for Employees' Benefit Fund		1,000,000
Reserve for Contingencies		3,545,107
Surplus		22,840,459
Grand Total		$74,068,318

R. H. Gregory, Comptroller.

* * * * * * *

[fol. 5263] Western Electric Company Report to Stockholders

December 31, 1914

[fol. 5264] (P. 31)

Western Electric Company, 500 South Clinton Street, Chicago, Illinois

March 17, 1915.

To the Stockholders:

The sales of the Western Electric Company for 1914 were $66,408,000 as compared with $77,533,000 for 1913. Business conditions affecting this company's prosperity have been steadily getting worse through the year. The prospects for 1915 are not encouraging. As is always the case, the expenses do not decrease as rapidly as the sales, and at this time there are certain expenses connected with the development of new apparatus which it does not seem wise to curtail.

The orders on hand at January 1, 1915, were $4,309,000 in value less than on January 1, 1914. The average value of an order filled during 1914 was $56 as compared with $73 for 1913. The number of employees at January 1, 1915, was 15,650 as compared with 19,856 at January 1, 1914. Business conditions are also reflected in our balance sheet by reductions in our merchandise and receivable accounts, and by the increase in cash on hand.

It will be impossible until after the close of the European war to report the effect of the war during this year upon our foreign investments. We expect, however, a loss of profits and some loss of property, on account of which we may later have to make revaluations.

The total disbursements from the Employees' Benefit Fund for 1914 amounted to $154,373. These payments covered al class of benefits and were made to 2,209 beneficiaries.

As was explained in the report for 1912, the Reserve for Contingencies is intended to provide for abnormal expense and such expenses as are not properly chargeable against the operations of any one year. To make this more clear, the earnings statement has been rearranged and a statement of additions to and subtractions from this reserve has

been added to the statements hitherto appended to this report.

For the Directors.

H. B. Thayer, President.

[fol. 5265] Western Electric Company

Assests and Liabilities, January 1, 1915

(P. 33)

Assets:		
Real Estate and Buildings	$11,227,615	
Machinery and Equipment	7,990,194	
Total Plant		$19,217,809
Merchandise	15,497,147	
Cash	5,242,421	
Bills Receivable	11,850,845	
Accounts Receivable	12,311,929	
Total Current Assets		44,902,342
Sundry Investments		9,349,059
Grand Total		$73,469,210
Liabilities:		
Capital Stock	$15,000,000	
First Mortgage 5% Bonds	15,000,000	
Total Capital Liabilities		$30,000,000
Accounts Payable		3,210,970
Reserve for Depreciation of Plant		11,449,912
Reserve for Employees' Benefit Fund		1,000,000
Reserve for Contingencies		3,796,909
Surplus		24,011,419
Grand Total		$73,469,210

R. H. Gregory, Comptroller.

[fol. 5266] Western Electric Company, Incorporated

Report to Stockholders for the Year Ending December 31, 1915

March 17, 1916.

To the Stockholders:

As the incorporation of this Company under the laws of the State of New York on November 17, 1915, together with the purchase of the going business of Western Electric Company (an Illinois corporation) and the assumption of the latter company's obligations was in effect a reorganization and change of domicile of the latter company, in this report we shall cover the operations of the two companies

during the year, thus giving the results of the continuing business without attempting to segregate that part which pertains only to the operations of the Western Electric Company, Incorporated. (P. 36)

[fol. 5267] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1916

* * * * * * *

As to the foreign manufacturing companies in which we are interested, our information as to the most of them is meager, but we understand that they have, with the exception of the one at Antwerp, Belgium, been employed on fairly profitable work during the year. Whether a satisfactory profit will remain after the payment of war taxes in the several belligerent countries is not so certain. No dividends have been received by us, so that our foreign investments have made no contribution to our profits of the year, as shown in the statement. (P. 43)

* * * * * * *

[fol. 5268] (P. 46)

Western Electric Company, Incorporated

Assets and Liabilities, December 31, 1916.

Assets:

Real Estate and Buildings	$11,633,290	
Machinery and Equipment	9,209,532	
Total Plant		$20,842,822
Merchandise	$33,001,524	
Cash	5,328,180	
Bills Receivable	1,085,520	
Accounts Receivable	18,109,258	
Total Current Assets		$57,524,482
Sundry Investments		12,041,068
Grand Total		$90,408,372

Liabilities:

Preferred Stock, 150,000 shares	$15,000,000	
Common Stock, 150,000 shares no par value	25,453,648	
Bonded Debt	15,000,000	
Total Capital Liabilities		$55,453,648
Bills Payable		5,500,000
Accounts Payable		12,334,003
Reserve for Depreciation on Plant		13,320,143
Reserve for Employees' Benefit Fund		1,000,000
Reserve for Contingencies		2,800,578
Grand Total		$90,408,372

R. H. Gregory, Comptroller.

[fol. 5269] Report to Stockholders of Western Electric Company, Incorporated, for the Year Ending December 31, 1917

* * * * * * *

[fol. 5270] There is no return from foreign investments included in the profits of the Company for 1917. As to some, information is entirely lacking, and as to others, it is incomplete. It is our belief, however, that as a whole, a conservative valuation of them would require no addition to reserves, the earnings of some of them being apparently sufficient to offset possible losses of others. (P. 50)

* * * * * * *

[fol. 5271] (P. 53)

Western Electric Company, Incorporated

Assets and Liabilities, December 31, 1917

Assets:

Real Estate and Buildings	$12,911,537	
Machinery and Equipment	12,134,759	
Total Plant		$25,046,296

Merchandise	$44,415,028	
Cash	4,257,150	
Bills Receivable	1,177,166	
Accounts Receivable	24,678,194	
Total Current Assets		$74,527,538
Sundry Investments		38,094,686
Grand Total		$112,668,520

Liabilities:

Preferred Stock, 300,000 shares	$30,000,000	
Common Stock, 150,000 shares no par value	28,755,364	
Bonded Debt	15,000,000	
Total Capital Liabilities		$70,755,364
Bills Payable		10,600,000
Accounts Payable		9,194,558
Reserve for Depreciation on Plant		16,285,136
Reserve for Employees' Benefit Fund		1,500,000
Reserve for Contingencies		4,333,462
Grand Total		$112,668,520

R. H. Gregory, Comptroller.

[fol. 5272] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1918

* * * * * * *

[fol. 5273] Foreign

No return from foreign investments has been included in our earnings for 1918 (our information thereon being incomplete). It is believed, however, that the earnings of some of the foreign allied companies in which we are interested were sufficient to offset losses on others, so that no net loss was sustained on the whole.

The Antwerp factory which had been in the hands of the Germans throughout the war came again under our control in November, 1918. Although the buildings were not much

damaged, it is necessary to replace large amounts of machinery and material which had been taken away by the enemy. This rehabilitation is now in progress and it is expected operations will be resumed there within a few months.

For the purpose of handling our export business to the best advantage, it has been found advisable to segregate it from the domestic business directly conducted by this Company. Accordingly, a subsidiary corporation, the International Western Electric Company, Incorporated, was organized during the year and has been operating since June 1st with satisfactory results. (P. 58)

* * * * * * *

[fol. 5274] (P. 63)

Western Electric Company, Incorporated

(Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, and Western Electric Company of California)

Balance Sheet, December 31, 1918

Assets:		
Real Estate and Buildings	$13,541,253	
Machinery and Equipment	14,430,339	
Total Plant		$27,971,592
Merchandise	$45,047,290	
Cash	5,547,402	
Bills Receivable	694,758	
Accounts Receivable	23,838,621	
Total Current Assets		75,128,071
Liberty Bonds		3,904,920
Sundry Investments		11,452,316
Grand Total		$118,456,899

Liabilities:		
Preferred Stock, 300,000 shares	$30,000,000	
Common Stock, 150,000 shares, no par value	25,965,685	
Bonded Debt	15,000,000	
Total Capital Liabilities		$70,965,685.
General Bills Payable		10,600,000.
Bills Payable for Liberty Bonds		2,172,250
Accounts Payable		9,710,743
Reserve for Depreciation on Plant		18,424,058
Reserve for Employees' Benefit Fund		1,600,000
Reserve for Contingencies		4,984,163
Grand Total		$118,456,899

R. H. Gregory, Comptroller.

[fol. 5275] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1919

* * * * * * *

[fol. 5276] The bills payable of your company aggregated

At December 31, 1919	$15,520,000
An increase during the year of	2,747,750 (p. 73)

This obligation is made up of short time notes to the Company's regular bankers and matures at various dates. It has always been your Company's practice to finance its temporary requirements for working capital in this way. As the business expands these borrowings are larger; as it contracts they are automatically reduced or paid. During the summer of 1919 they were as low as $7,000,000. With the present large volume of business they are increasing and are now approximately $21,000,000.

Whenever it has become apparent that the expansion of the business was more than a temporary condition, additional and permanent capitalization has been provided. It seems to the directors that such a time has now arrived and that at the first favorable opportunity permanent financing should be arranged. For this purpose the above described changes in authorized capitalization can now be utilized (p. 74).

* * * * * * *

[fol. 5277] (P. 76)

Western Electric Company, Incorporated

(Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, and Western Electric Company, Incorporated, of California)

Balance Sheet, December 31, 1919

Assets:		
Real Estate and Buildings	$14,704,310	
Machinery and Equipment	15,839,796	
Total Plant		$30,544,106
Merchandise	45,097,345	
Cash	4,914,238	
Bills Receivable	1,335,015	
Accounts Receivable	29,526,549	
Total Current Assets		80,873,147
Liberty Bonds (Market Value)		2,303,391
Sundry Investments (Market Value)		1,396,639
International Western Electric Company, Incorporated		13,372,642
Grand Total		$128,489,925
Liabilities:		
Preferred Stock, 300,000 Shares	$30,000,000	
Common Stock, 150,000 Shares, no par value	27,054,594	
First Mortgage Bonds, 5%, 1922	15,000,000	
Total Capital Liabilities		$72,054,594
General Bills Payable	13,500,000	
Bills Payable Secured by Liberty Bonds	2,020,000	
Accounts Payable	14,217,480	
Total Current Liabilities		29,737,480

Reserve for Depreciation on Plant	20,264,379	
Reserve for Employees' Benefit Fund	1,600,000	
Reserve for Contingencies	4,833,472	
Total Reserves		26,697,851
Grand Total		$128,489,925

R. H. Gregory, Comptroller.

[fol. 5278] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1920

* * * * * * *

[fol. 5279] (P. 85)

Plant

The permanent plant account of your Company at December 31, 1920, being its face value or original cost was	$37,838,313
Against which the reserve for depreciation at that date was	24,021,005
Leaving the net book value of only	$13,817,308

* * * * * * *

The expansion of the Company's business during 1920 was considerably greater and more rapid than was anticipated at April 1st, when the 7% convertible gold bonds were issued. As indicated elsewhere, it is apparent that not all of this expansion is permanent. To meet the requirements for temporary working capital the Company has continued its long-established practice of borrowing for short terms on its own notes. As the volume of output and sales was at a maximum in December these borrowings were necessarily high at the end of the year. They have been decreased somewhat since that date. If the volume of sales decreases as expected during 1921, these borrowings will be reduced. If the volume should continue about as in 1920, your Directors will at the first favorable opportunity consider permanent financing.

The conditions for long-term financing during 1920 were not merely unfavorable; they were almost prohibitive. While rates for short terms have continued high during the year and have considerably reduced the amount that would otherwise have been earned for your Company's common stock, it has seemed wise to bear this burden temporarily rather than to saddle the company permanently with high fixed charges. The banks and the dealers in commercial paper have cheerfully taken your Company's notes at the minimum current market rates.

Following is a comparison of the net working capital at the beginning and end of the year:

(Pp. 88-89)

	Dec. 31, 1919	Dec. 31, 1920
Current Assets	$80,873,147	$126,765,361
Current Liabilities	29,737,480	58,395,850
Net Working Capital	$51,135,667	$68,369,511

[fol. 5280] (P. 93)

Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Balance Sheet, December 31, 1920

Assets:		
Real Estate and Buildings	$17,174,836	
Machinery and Equipment	20,663,477	
Total Plant		$37,838,313
Merchandise	72,209,721	
Cash	7,825,257	
Bills Receivable	848,378	
Trade Acceptances	1,869,307	
Accounts Receivable	44,012,698	
Total Current Assets		126,765,361
Liberty Bonds (Market Value)		1,193,220
Trustees, Employees' Bond Purchase Plan		1,066,751
Sundry Investments		2,703,265
International Western Electric Company, Incorporated		19,017,286
Grand Total		$188,584,196

Liabilities:		
Preferred Stock 7%, 500,000:		
Shares Authorized, None Issued:		
Common Stock, 500,000 Shares:		
Authorized, 350,000 Shares.		
Issued, No Par Value	$57,949,453	
First Mortgage Bonds, 5% 1922	15,000,000	
Convertible Gold Bonds, 7% 1925	27,000,000	
Total Capital Liabilities		$99,949,453
General Bills Payable	41,550,000	
Bills Payable Secured by Liberty Bonds	1,200,000	
Trade Acceptances Discounted	1,082,384	
Accounts Payable	14,563,466	
Total Current Liabilities		58,395,850
Reserve for Depreciation on Plant	24,021,005	
Reserve for Employees' Benefit Fund	1,600,000	
Reserve for Contingencies	4,617,888	
Total Reserves		30,238,893
Grand Total		$188,584,196

R. H. Gregory, Comptroller.

[fol. 5281] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1921

* * * * * * *

[fol. 5282] Foreign Department

The export and foreign business of your Company is conducted through the International Western Electric Company, Incorporated, to which, upon its organization in 1918, your Company sold and conveyed all of its export and foreign business and assets. All of the issued capital stock of the International Company—55,000 shares of preferred having a par value of $100 per share and 100,000 shares of common without par value—is owned or controlled by your Company. Such additional capital as has been required for its expansion, either permanent or temporary, has been advanced by your Company, the total capital and advances being shown in the Balance Sheet. This amount at the close of the year was $17,988,000, a reduction of $1,029,000 during the year.

The International Company and the numerous affiliated companies in which it owns interests, conduct in nearly all foreign countries a business generally similar to that of your Company in the United States.

The sales of the International Company and its principal foreign affiliated companies, excluding all inter-company sales, were in 1921 approximately $41,000,000, reckoning them into dollars at the current rates or exchange or approximately $49,000,000, if reckoned at the standard or par of exchange. This latter figure compares with $41,300,000 sales for 1920.

The foreign business as a whole was larger and more profitable than in any previous year. This was due chiefly to getting the Antwerp factory on a full capacity basis for the first time since the war and to the exceptional activity of the London factory. Both of these allied companies do a large export business from Belgium and England respectively.

The export billings from the United States while almost equal to those of the previous year resulted largely from orders in hand at the beginning of the year. The prospect of selling American-made apparatus for export during the coming year is not very promising, although the recent and continued improvement in foreign exchange rates will be helpful.

[fol. 5283] On the other hand the prospect for the principal foreign allied companies is distinctly good. The demands for telephone equipment in most foreign countries continue to increase and while competition is always active the manufacturing facilities of these foreign allied companies and the technical assistance furnished them by the International Company enable them to maintain and better their position year by year.

The International Company's earnings in 1921 from its own operations and from interest and dividends received from its foreign affiliated companies were sufficient to meet its interest obligations and to pay the 7% dividend on its preferred stock, both for the current year and for the years 1918 and 1919, so that all accumulated dividends on this stock have now been paid. No dividends have been paid on the common stock.

The average investment of your Company's Foreign Department (the International Company) during 1921 was $19,650,000, on which there was earned for interest and dividends $1,842,546, equal to 9.4% (pp. 103-104).

* * * * * * *

The only changes in capitalization during the year were (1) the increase of $823,997 in the book value of common stock representing the undivided profits for the year and (2) an issue of $1,600,000 7% Convertible Gold Bonds during the year for sale to employees.

The Company's Bills Payable were reduced during the year from $42,750,000 to $29,050,000, a reduction of $13,700,000, while the cash on hand increased $5,438,000, making a total improvement for the year in its financial position of $19,138,000. In the two months since the end of the year a further improvement of about $8,500,000 has been made in the financial position.

Your Company's First Mortgage Bonds amounting to $15,000,000 were issued in 1909 and mature at the end of the current year. Under present financial conditions it is entirely feasible to do permanent financing and it is possible that your Directors will take action in that direction before the maturity of these bonds. But your Company's [fol. 5284] financial position is now sufficiently favorable to enable it to meet the payment out of its current resources and current credit should it seem desirable to do so when the time for decision arrives.

Following is a comparison of the net working capital at the beginning and end of the year:

(Pp. 106-107)

	Dec. 31, 1920	Dec. 31, 1921
Current Assets	$126,765,361	$113,462,593
Current Liabilities	58,395,850	43,084,549
Net Working Capital	$68,369,511	$70,378,044

* * * * * * *

Federal Trade Commission

The complaint which was issued under date of January 5, 1921, by the Federal Trade Commission against Western Electric Company, alleging violation of section 5 of the Federal Trade Commission Act and section 3 of the so-called Clayton Act, was on March 9, 1922, formally dismissed.

This action of the Commission comes as a result of more than a year's investigation by the Commission of the Com-

pany's files and records in the greater number of its houses and departments and the interviewing and examination, by the Commission's representatives, of many of the Company's suppliers, customers, competitors and former employees.

Your Company co-operated with the Commission to the fullest extent in furnishing it information regarding the matters complained of, and it is a source of considerable satisfaction that the Commission has, after thorough investigation, dismissed the complaint on its own motion (p. 108).

* * * * * * *

[fol. 5285] (P. 111)

Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Balance Sheet, December 31, 1921

Assets:		
Real Estate and Buildings	$19,354,501	
Machinery and Equipment	26,215,335	
Total Plant		$45,569,836
Merchandise	$58,978,025	
Cash	13,262,880	
Bills Receivable	779,019	
Trade Acceptances	573,474	
Marketable Securities	833,268	
Accounts Receivable	39,035,927	
Total Current Assets		11,462,593
Trustees, Employees' Bond Purchase Plan		465,464
Sundry Investments		2,315,471
International Western Electric Company, Incorporated, of Delaware		17,988,053
Grand Total		$179,801,417

Liabilities:		
Preferred Stock, 7%, 500,000 Shares Authorized, None Issued.		
Common Stock, 500,000 Shares Authorized, 350,000 Shares Issued, No Par Value	$58,773,450	
First Mortgage Bonds, 5%, 1922	15,000,000	
Convertible Gold Bonds, 7%, 1925	28,600,000	
Total Capital Liabilities		$102,373,450
General Bills Payable	$29,050,000	
Trade Acceptances and Bills Receivable Discounted	448,456	
Accounts Payable	13,586,093	
Total Current Liabilities		43,084,549
Reserve for Depreciation on Plant	$27,924,413	
Reserve for Employees' Benefit Fund	1,600,000	
Reserve for Contingencies	4,819,005	
Total Reserves		34,343,418
Grand Total		$179,801,417

R. H. Gregory, Comptroller.

[fol. 5286] Western Electric Company, Incorporated Report to Stockholders for Year Ending December 31, 1922

[fol. 5287] Supply Department

The function of this department is the merchandising of electrical supplies of every kind throughout the United States and it operates for that purpose forty-eight distributing houses in the principal cities. These houses carry stocks of all the materials used in electrical construction work—such as wires, cables, conduits, poles, cross-arms, insulators, line hardware and tools, electrical apparatus and supplies—such as motors, batteries, lamps, cords, switches and electric fittings, and a complete line of electric household appliances—such as washing machines, dishwashers, flat irons, sewing machines, heating devices and vacuum cleaners.

This business is highly competitive but your Company has steadily maintained and strengthened its position in it by striving to give a service complete as to lines of merchandise and national as to territory, publicity and organization.

As stated in last year's report, the year 1921 was generally unprofitable to those engaged in the merchandising of electrical supplies. Recovery from this depression began in the late spring of 1922 and each succeeding month has shown an improvement. There are indications that this improving condition will continue during 1923. Building permits are at a high mark, particularly for residence building, but business building is also active. Industrial concerns, having absorbed their surplus electrical supplies, are again in the market and public utilities are making the much needed extensions.

Your Company's average investment in its Supply Department during 1922 was about $8,300,000, on which it earned approximately 8.4% as compared with an average of 10% over the previous six years.

[fol. 5288] Foreign Department

The export and foreign business of your Company is conducted through the International Western Electric Company, Incorporated, to which, upon its organization in 1918, your Company sold and conveyed all of its export and foreign business and assets. All of the issued capital stock of the International Company—55,000 shares of Preferred having a par value of $100 per share and 100,000 shares of Common without par value—is owned or controlled by your Company. Such additional capital as has been required for its expansion, either permanent or temporary, has been advanced by your Company, the total capital and advances being shown in the Balance Sheet. This amount, representing your Company's investment in its Foreign Department, was at the close of the year $15,135,561, a reduction of $2,852,492 during the year.

The International Company and the numerous affiliated companies in which it owns interests or with which it has contractual relationships conduct in nearly all foreign countries a business generally similar to that of your Company in the United States.

During 1922 the economic and industrial conditions in foreign countries with few exceptions showed little or no

improvement. The principal buyers of telephone equipments abroad are governments and the necessity of drastic reduction of governmental expenditures has prevented even the needed development of such economic utilities as the telephone and telegraph. Notwithstanding these adverse conditions the sales of the International Company and its principal foreign affiliated companies, excluding all intercompany sales, were in 1922 approximately $35,000,000, reckoning them into dollars at the current rates of exchange. This compares with $41,000,000 sales for 1921.

The export billings from the United States show in 1922 a considerable decrease from the previous year, as was foreshadowed in the report made a year ago. While it may be expected that exports from this country will vary from year to year, depending on the economic conditions in foreign countries, this Company has for many years safeguarded its position in foreign trade by the establishment of factories in certain foreign countries and by investment in and contractual relations with foreign manufacturers of telephone apparatus and of cables. Its policy is, accordingly, to encourage the trade in these commodities into and through the channels of least economic resistance and to shape its course to meet the varying conditions that arise. This policy has proved especially wise during the past few years of extraordinary instability in world conditions.

There is an increasing recognition of the important part that better communication must play in the rehabilitation of industry throughout Europe and in the readjustment of international relations. Although progress is these direc- [fol. 5289] tions is at the moment slow and obscure, yet the best opinion seems to be that the underlying trend is toward peaceful settlements of political disputes and a rebuilding of the productive processes on which civilization depends. As such a period of reconstruction develops the opportunity and responsibility of all who are concerned with electrical communication will likewise develop. The International Company and its affiliated companies, by reason of the technical assistance furnished them from America, are in a position to do a large part in the improvement of electrical communication whenever and wherever there may be opportunity.

The International Company's net earnings in 1922 were approximately $1,958,000, which amount was sufficient to

provide for interest, for dividends at the rate of 7% on its Preferred Stock, and for a dividend of $7.00 per share on the Common Stock, leaving a small balance. For the period since its incorporation in 1918, the International Company has now paid to your Company in the form of interest and dividends approximately 7% per annum on its investment (pp. 120-122).

[fol. 5290] Recent New Activities

It may be of interest to the stockholders to mention briefly a few of the new lines of activity which your Company has recently been developing, more with a view to the future than for any immediate volume of sales or profits.

Radio Telephony.—During the past year your Company [fol. 5291] has manufactured and sold a number of equipments for radio telephone broadcasting and, so far as permitted by its patent and license rights, has manufactured and sold other radio telephone apparatus. This business has not reached large proportions nor is it expected to, but its technical side is so closely related to the Company's technical work in other directions that it seems desirable to keep in touch in every way with the general progress of radio development.

Public Address Systems.—Important progress has been made in the development of electrical devices by which the voice of a speaker can be plainly heard by very large audiences in one place and through wire connection by other audiences in distant places.

It may fairly be claimed that your Company has been foremost in this field and numerous demonstrations of its equipments for this purpose now on the market have been made throughout the country during the past year. One of these demonstrations of special interest occurred on June 14, 1922, when 27,000 employees at Hawthorne, assembled at the noon hour in the yards surrounding the factory buildings, were addressed by the Company's local officers and by wire connection heard plainly and without effort brief addresses by the Company's executives in their New York offices and similarly heard a speaker in San Francisco. This was the first occasion where the employees of a single industry ever assembled together to be addressed in this way (P. 122-128).

* * * * * * *

During the year the general bills payable were reduced from $29,050,000 to $12,000,000, which was the amount outstanding December 31, 1922. This $12,000,000, together with $618,563 of trade acceptances and bills receivable discounted at banks, represent the total amount of interest-bearing obligations of your Company at the end of the year. The Current accounts payable, $16,820,749, are for current purchases and expenses not due and represent a normal amount for the volume of busines in process.

Following is a comparison of the net working capital at the beginning and end of the year:

(P. 124)

	Dec. 31, 1921	Dec. 21, 1922
Working Assets	$113,462,593	$101,702,583
Current Liabilities	43,084,549	31,233,257
Net Working Capital	$70,378,044	$70,469,326

[fol. 5292] X-353

(Pp. 128-129)

Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Balance Sheet, December 31, 1922

Assets:		
Land, Buildings and Permanent Fixtures	$20,257,973	
Machinery, Tools and Other Equipment	28,947,552	
		$49,205,525
Investment in and Advances to International Western Electric Company, Incorporated		15,135,561
Other Investments		2,150,392
Merchandise, Materials and Supplies	$52,701,893	
Trade Acceptances and Bills Receivable	1,200,838	
Accounts Receivable	36,419,141	
Prepaid Charges	205,802	
Marketable Securities	166,040	
Cash	11,008,869	
Total Working Assets		101,702,583
Grand Total		$168,194,061
Liabilities:		
Common Stock, no Par Value, 500,000 Shares Authorized and Issued	$74,931,826	
Preferred Stock, 7% Cumulative, Par Value $100	24,679,600	
Total Capital Stock		$99,611,426

Bills Payable	$12,000,000	
Trade Acceptances and Bills Receivable Discounted	618,563	
Interest and Taxes accrued not due	1,793,945	
Accounts Payable	16,820,749	
Total Current Liabilities		31,233,257
Reserve For Depreciation on Plant and Equipment	$30,431,368	
For Employees' Benefit Fund	2,000,000	
For Contingencies	4,918,010	
Total Reserves		37,349,378
Grand Total		$168,194,061

NOTE.—At December 31, 1922, there was in the hands of the Trustees $7,513,056 to make payment of the balance due on 7% Convertible Gold Bonds called for redemption October 1, 1922, and 5% First Mortgage Bonds matured December 31, 1922, not presented to the Trustees for payment at December 31, 1922. These items are therefore not included in the above balance sheet.

The stated capital of the Company as shown in its Certificate of Incorporation includes $5.00 for each share of common stock.

R. H. Gregory, Comptroller.

[fol. 5293] Annual Report of Western Electric Company, Incorporated

For the Year Ending December 31, 1923

[fol. 5294] Annual Report of the Western Electric Company, Incorporated, for the Year 1923

[fol. 5295] Western Electric Company, Incorporated, 195 Broadway, New York

March 17, 1924.

To the Stockholders:

The following report on the business of Western Electric Company, Incorporated, for the year 1923 is respectfully submitted.

Sales

The total sales of your Company billed during 1923 were $255,177,000, which compares with 1922 as follows:

	1922	1923
To Bell Telephone Companies	$158,614,000	$185,969,000
To Other Domestic Customers	50,340,000	65,713,000
To I. W. E. Co. for Export	1,987,000	3,495,000
	$210,941,000	$255,177,000

Under sales there is included the merchandise not of Western Electric manufacture which the Company procures for and furnishes to telephone companies as their purchasing agents and storekeeper.

The sales to the Company's subsidiary, the International Western Electric Company, Inc., are for export exclusively and are further referred to in this report under the heading Foreign Department.

Sales to Other Domestic Customers represent an increase of 31% and to Bell Telephone Companies an increase of 17% over 1922.

The aggregate is considerably more than was estimated at the beginning of the year and represents the largest volume of business ever reached by your Company in any year of its history.

The sales for the past several years have been as follows:

[fol. 5296]

1914	$66,409,000
1915	63,852,000
1916	106,987,000
1917	150,340,000
1918	145,226,000
1919	135,722,000
1920	206,112,000
1921	189,765,000
1922	210,941,000
1923	255,177,000
Total for ten years	$1,530,531,000

Earnings

The net earnings for the year after providing for the usual depreciation of plant and for all taxes were as shown in the Comptroller's statement appended hereto $10,079,471

Deduct Interest on Borrowings	1,159,958
Balance	$8,919,513

Out of which were paid Dividends		
7% on Preferred Stock	$1,727,572	
$10 per share on Common Stock	5,000,000	
		6,727,572
Balance carried to Common Stock		$2,191,941

The net earnings as stated above, $10,079,471, were 8.1% on the average capital stock and interest bearing obligations for the year.

Prospect

The unfilled orders of your Company at December 31, 1923, aggregated $94,951,000, as compared with $62,069,000 at the end of 1922 and $75,525,000 at the end of 1921. The unusually large volume of unfilled orders is chiefly in large switchboards made to order and requiring approximately two years for their engineering, manufacture and installation.

In all departments of your Company's work the prospects are for great activity during 1924 and for billings substantially exceeding the high record of 1923.

General Organization

The general organization of your Company and its subsidiary companies comprises four main departments, the head of each of which reports to the President.

[fol. 5297] The General Staff Department, through several departments—Legal, Accounting, Treasury, Purchasing and Traffic, and Publicity—provides the specialized services indicated by their names for the three main operating departments:

The Telephone Department.
The Supply Department.
The Foreign Department.

Telephone Department

The function of this Department is to serve the Bell Telephone System in the development and manufacture of apparatus and the warehousing and distribution of its apparatus and supplies throughout the country.

Although the Bell Telephone Operating Companies are under no contractual obligation to purchase anything from

or through your Company, nevertheless in actual practice it is to their advantage to so purchase nearly all they require.

Every piece of apparatus is designed to meet their needs and to harmonize with what is already in use and what is projected for the future. This is of vital importance in a nation-wide telephone plant which is growing and expanding and which must always provide complete intercommunication throughout all parts of the country. The facilities provided by your Company both in manufacture and distribution have become by a process of evolution over many years specially adapted to the needs of the Bell Companies. The prices charged them are uniform to them all and are under their constant review and check. Because of the quantity production of standardized apparatus and the elimination of usual selling and exploitation expenses, these prices, as has been repeatedly demonstrated in court and commission proceedings, are on a considerably lower level than that of other manufacturers. Finally the Bell Companies are assured of a continuity of supply of established quality even in times of extraordinary demand. It is an obligation of your Company to provide necessary facilities as the course of business may demand.

In effect the practical operation of the arrangement is that your Company is that part of the Bell Telephone System which is responsible for manufacture and supply.

The recent extraordinary growth of the Bell System has made the obligation of your Company to provide the necessary facilities for manufacturing a matter of great im- [fol. 5298] portance. From 1919 to 1924 the requirements increased three-fold. This rapid expansion has been met by various measures, some permanent, others of an emergency character.

Among these measures the following may be specifically mentioned, several of them having been started during the past year.

New buildings have been erected at Hawthorne and equipped with machinery.

Additional space for manufacturing has been made available by moving stocks of materials to rented quarters.

Overtime work has been resorted to generally and in some departments all-night crews are employed, pending completion of additional facilities.

Two auxiliary factories have been established in rented quarters in Chicago. These now employ about 1,250 men and women.

One auxiliary factory has been started at Newark and another at Jersey City. Both of these are in rented quarters and their work will eventually be transferred to the Kearny plant.

The repair shops at distributing houses have been and are being expanded to take on some kinds of work formerly done at Hawthorne for which their facilities are suitable.

Arrangements have been made with other manufacturers of telephone equipment, among them the Automatic Electric Company of Chicago, the Stromberg-Carlson Manufacturing Company of Rochester, and the Kellogg Switchboard and Supply Company of Chicago, by which they make to Bell specifications certain types of apparatus. Many piece parts and tools are now being supplied by outside manufacturers.

In the report of last year announcement was made of the purchase of a plot of 55 acres on the Passaic River at Kearny, N. J., for a future manufacturing plant. Construction work there has been progressing steadily during the past year. The plant for the manufacture of lead-covered cable is to have a capacity substantially equal to that at Hawthorne two years ago and will probably be in operation by the end of 1924. This will be followed by a first group of buildings for the manufacture of telephone apparatus which it is expected will be ready for operation in 1925. The expected cost of the Kearny plant as at present contemplated is approximately $20,000,000 and the gen-
[fol. 5299] eral plans provide for such further construction as may be found necessary in the future.

The large and increasing volume of the Telephone Department's operations is partially indicated by the number of employees in its various groups as follows:

Manufacturing—33,000, an increase of 8,000 during the year. They are mostly concentrated at the Hawthorne plant on the western edge of Chicago but the auxiliary factories already have a considerable number which will rapidly increase during 1924.

Installation—18,400, an increase of 2,400 during the year. A large group of these is located at Hawthorne pre-

paring equipment specifications, but most of them are engaged in various cities throughout the country installing switchboards.

Engineering—3,300, in the Bell System Laboratories at 463 West Street, New York.

Sales and Distribution—6,300, an increase of 1,800 during the year. They carry on the supply service for the Bell Companies, operating the central warehouses at Hawthorne and thirty-one distributing houses throughout the country.

During the year new distributing houses were established at Washington and Indianapolis, and arrangements were made to open another at Milwaukee. New and modern warehouses were also erected at Minneapolis and St. Louis, and increased capacity is being provided at Philadelphia, Dallas, Seattle, Emeryville (near San Francisco) and Los Angeles.

With the establishment of the Milwaukee house early in 1924, your Company now has a main distributing house at the headquarters of each Bell Telephone Company. These, with their fifteen branch warehouses, constitute a complete and comprehensive distribution system.

The floor space contained in these various distributing houses, general warehouses and sub-warehouses approximates two million square feet. The value of merchandise carried in them is approximately thirty-one million dollars.

During 1923 your Company completed the installation of 24 new central offices and additions to 12 existing offices of the panel type of machine switching having a capacity of [fol. 5300] 136,000 lines and making a total of this type of equipment now installed (including an earlier variety known as "semi-mechanical") of 38 central offices having a capacity of 212,000 lines.

The step-by-step type of machine switching manufactured to Bell specifications has been installed during the year in 14 central offices having a capacity of 47,000 lines and making a total of 42 central offices and 177,200 lines of this type furnished to the Bell Companies since 1919.

Notwithstanding the increasing use of machine switching systems, commonly called by the public "automatic" or "dial", the demand for manual switchboards continues to grow. Of the largest type of manual switchboards,

known as the No. 1, your Company's output in the past few years has been: 1919, 767 sections; 1920, 924 sections; 1921, 1,268 sections; 1922, 1,420 sections; 1923, 1,745 sections.

Likewise the output of subscribers station equipment has been increasing. In 1923, 1,120,000 desk sets and 200,000 wall sets were produced.

In lead-covered cable for telephone lines, both aerial and underground, the production has increased from 10 billion conductor feet in 1920 to 24 billion conductor feet in 1923.

Prices of telephone apparatus as a whole have not been substantially changed during the year, although raw material costs with a few exceptions and wages have increased. It is the policy of your Company to keep its prices to the Bell Telephone Companies on the lowest basis consistent with a fair return. Production in increasing quantity and renewed efforts in the direction of manufacturing methods and better design have overcome the advances in material and labor costs and the greater expense of overhead through operating in several places and under forced draft.

The Telephone Department's total billings for 1923 were $198,537,000 an increase of $30,217,000 over the previous year. These billings include $10,378,000 to the Supply and Foreign Departments. The average capital employed by the Telephone Department during the year was $102,500,000 on which its net earnings were $7,577,000 or 7.4%.

Supply Department

The function of this Department is the merchandising of electrical supplies of every kind throughout the United States. It operates for that purpose forty-seven distribut- [fol. 5301] ing houses in the principal cities from which its customers, now numbering about 35,000 and located in every section of the country, are supplied.

The business is highly competitive and its results depend chiefly upon the active, forceful and continued selling efforts of these local distributing organizations, and their ability to serve their customers promptly with well assorted lines of merchandise. General headquarters establishes policies and methods, provides catalogues, bulletins and national advertising, and through constant assistance and supervision by specialists on various phases of the work holds the entire organization together.

Most of the merchandise handled by this Department is purchased by it from other manufacturers but it also serves as the selling and distributing outlet for manufactures of your Company to others than the Bell Telephone Companies.

During 1923 the volume of business carried on by the Supply Department was larger than in any previous year except 1920, in fact reaching a volume comparable with the total business of your Company in pre-war years.

Although the margins of gross profits, greatly reduced by the demoralized conditions of the trade in 1924, have not fully recovered, a strict economy in operating expenses and a high degree of efficiency in obtaining more rapid turnover of merchandise and receivables enabled the Department to earn in 1923 a satisfactory return on the capital employed.

The average capital employed during the year was about $8,900,000 on which a return of approximately 17.3% was earned as compared with 8.4% in 1922.

The prospect for 1924 is for a good volume of business. Building is still continuing at a high rate, industrial concerns on the whole are fairly busy, and the public utilities have extensive programs for the needed extension and betterment of their plants.

Foreign Department

The foreign business of your Company including export from the United States is conducted through the International Western Electric Company, Incorporated, to which, upon its organization in 1918, your Company sold and conveyed all of its export and foreign business and assets. All of the issued capital stock of the International [fol. 5302] Company—55,000 shares of Preferred having a par value of $100 per share and 100,000 shares of Common without par value—is owned or controlled by your Company. Such additional capital as has been required for its expansion has been advanced by your Company, the total capital and advances being shown in the Balance Sheet. This amount, representing your Company's investment in its Foreign Department, was at the close of the year $14,476,865, a reduction of $658,696 during the year.

The International Company owns interests in or has contractual relationships with numerous companies through-

out the world engaged in a business of similar character to that of your Company in the United States. The list appended to this report indicates something of the widespread extent of these interests and relationships.

As to the business conditions during the past year in the field covered by these various companies, it may be said that on the whole there was an improvement over the previous year. It is still true, however, and particularly so in continental Europe, that the extreme pressure to reduce governmental budgets has a retarding effect on much needed telephone development. If telephone finance were separate from government finance the telephone systems in nearly all European countries would be growing faster than they are, very much to the economic advantage of their peoples.

In some cases there is a growing recognition of this and in some directions real progress is being made, notably in various projects for long cables equipped with loading coils and repeaters which without doubt will eventually become the nucleus of a comprehensive toll system for Europe.

It has been and is the policy of the International Company to attempt to supply from the United States only those foreign customers for whom manufacture within their countries is uneconomical or impracticable. The trend is clearly toward national manufacture of telephone equipments wherever and whenever the demand within a country is sufficient to support an effective factory. This trend is retarded practically by the considerable number of competitors in telephone apparatus, principally English, American, German and Swedish, who compete with each other with apparatus made in their home factories.

The International Company aims rather to supply to foreign factories the American telephone technique and to invest its own capital only where American capital is welcomed and fairly treated.

[fol. 5303] Mention should be made of the serious effects of the earthquake of September 1, 1923, on the Japanese affiliated company, the Nippon Electric Company, Ltd., at Tokyo, where a modern manufacturing plant was largely wrecked and one hundred employees, including an American technical adviser, were killed.

Everything possible was done to relieve the distress of those afflicted. The financial loss was about $1,250,000 which, however, was covered by the Nippon Company's reserves. The plant has been temporarily reconstructed to about 50% of its former capacity and plans are under way for its complete rehabilitation.

(The sales of the International Company and its principal foreign affiliated companies, excluding all inter-company sales, were in 1923 approximately $36,500,000, reckoning them into dollars at the current rates of exchange. This compares with $35,000,000 in 1922.)

The export billings from the United States by the International Company were $5,715,000 of which your Company furnished, as shown in the first page of this report, $3,495,000, a substantial increase over the previous year.

The International Company's net earnings in 1923 were $1,561,129, which amount was sufficient to provide for interest, for dividends at the rate of 7% on its Preferred Stock, and for a dividend of $1.40 per share on the Common Stock, leaving a substantial balance. For the period since its incorporation in 1918, the International Company has paid to your Company in the form of interest and dividends approximately 7% per annum on its investment and has built up a reasonable surplus.

Recent Special Activities

In carrying on your Company's engineering work, it sometimes happens that new principles are discovered which, although relatively unimportant in furthering the main activities of your Company, are so closely related to its technical work that it seems desirable to give them special study and attention. Such studies assist in developing a comprehensive viewpoint of the art of electrical communication as a whole and in some cases result in specific inventions and improvements. Some of these recent developments and some of the recent activities of your Company in new lines of manufacture may be briefly mentioned as follows:

Radio.—During the past year extensive changes have been made in equipment for radio telephone broadcasting [fol. 5304] whereby speech and music may be broadcast with a higher degree of fidelity than has in the past ob-

tained. In addition to improvement made in broadcasting equipments of medium power, a high power quality set has also been produced.

Your Company has also developed receiving sets of the quality required for the proper reception of the matter transmitted by these broadcasting sets and, so far as permitted by its patents and license rights, is prepared to manufacture and sell this equipment as well as other radio telephone apparatus.

Your Company has also carried out successful development work for the United States Navy, which has resulted in the production of a number of high power radio telegraph sets for use on battleships.

Aids to Hearing.—For the aid of persons with impaired hearing two interesting and useful types of devices have been produced.

A. A device known as the "audiometer", capable of measuring hearing to enable physicians to determine what sort of equipment a partially deaf person requires to improve hearing.

B. A device to aid hearing known as the "audiphone", to be prescribed by the physician from measurements made with the audiometer, mentioned above.

This work was undertaken not only because of a demand on the part of the public but because it was found that the well known principles of the vacuum tube amplifier could be successfully applied in assisting those whose hearing is impaired.

Submarine Cable.—During the year, the experimental length of deep sea type of cable referred to in the 1922 annual report was manufactured and laid in Bermuda waters. The tests on this experimental length confirmed our calculations as to the efficiency of this type of cable, and the Western Union Telegraph Company has placed an order on the Telegraph Construction and Maintenance Company, Limited, of London, for a cable of this type to be laid between New York and the Azores. This cable is to be manufactured under the direct supervision of your Company's engineers and the special material for it known as "permalloy", which makes possible the high speed of operation, [fol. 5305] has already been manufactured at Hawthorne

and shipped to the Telegraph Construction and Maintenance Company, Limited.

Catalina Cable.—In June, 1923, two submarine cables of a new type having several novel and important features of construction were laid by the Pacific Telephone and Telegraph Company between San Pedro on the California Coast and the Island of Santa Catalina. These cables, each having a length of twenty-seven statute miles, were designed by your Company and manufactured in its Hawthorne Shops.

The particular point of interest in connection with these cables is the employment of a special form of insulation to take the place of the gutta percha normally employed in submarine cables. The employment of this insulation results in improved electrical and mechanical characteristics.

Public Address Systems.—In the report to stockholders for the year 1922, mention was made of the important progress by your Company in the development of electrical devices for amplifying and projecting the voice of a speaker so that he could be heard by very large audiences.

During the year 1923 a total of seventy-eight permanent installations of Public Address Systems were made in such places as municipal parks, civic auditoriums, cathedrals, churches, theatres, motion picture houses and hotels, and in addition to these permanent installations, public address apparatus mounted on special automobile trucks was provided for seventy-seven different temporary occasions.

Wire Mill.—A rod mill and wire drawing plant for the manufacture of copper wire, the construction of which was started in the fall of 1922 at the Hawthorne Works, was completed during the year and is now in successful operation.

The plant has an area of 92,000 square feet of floor space and is equipped with modern copper rod rolling machinery and accessory equipment and with new forms of wire-drawing machinery designed and built at Hawthorne. Its capacity is sufficient to provide for a considerable proportion but not all of your Company's requirements for copper wire. It will, moreover, afford improved facilities for meeting the more difficult requirements for some of your Company's products.

During the year part of this wire drawing equipment was temporarily installed and operated and the results indicate savings in cost sufficient to make a satisfactory return on the plant investment.

[fol. 5306] Finance

At the end of 1923 your Company's capitalization was as follows:

Common stock. No par value. 500,000 shares, of which the book value was	$77,123,767
Preferred Stock. 7% cumulative. Par value $100 per share, redeemable at $110 per share	24,679,600
Total	$101,803,367

Of the Common Stock over 98% is owned by the American Telephone and Telegraph Company. The Preferred Stock is owned by 8,717 shareholders, living in nearly all the states of the Union and in several foreign countries, the average holding being twenty-eight shares.

Your Company's financial requirements for the year incident to its expanding business were met by increasing its general bills payable from $12,000,000 at the beginning of the year to $35,000,000 at its close. This $35,000,000, together with $705,659 of trade acceptances and bills receivable discounted at banks, represent the total amount of interest-bearing obligations of your Company at the end of the year.

Employees

Following is a comparison of the total number of your Company's employees at the end of several years:

1914	15,650	1919	27,584
1915	17,135	1920	39,650
1916	26,878	1921	45,243
1917	30,737	1922	51,162
1918	26,126	1923	63,808

(These figures do not include employees of the International Western Electric Company, Inc., which with its owned subsidiaries had at the end of 1923, 7,956 employees.)

The Employees' Benefit Fund, maintained entirely at the Company's cost, provides for payments in cases of accident, sickness, retirement for age or disability, and death. The total payments from this fund in 1923 amounted to $858,332 and were made to 10,120 beneficiaries, including pensioners who numbered 137 at the end of the year.

[fol. 5307] The employees of your Company have been enabled to participate in the successive plans offered by the American Telephone and Telegraph Company for the purchase of its stock by installment payments. Up to December 31, 1923, about 15,800 employees had thus acquired and paid in full for 86,300 shares and 8,500 employees were making regular payments on 46,600 shares.

The continuing and rapid growth of your Company's business has not only opened the way for promotion to those who could demonstrate their capacity for it, but it has also attracted great numbers of newcomers into the Company's service. One of the responsibilities of your directors is to see to it that these newer employees are given the opportunity to learn about the character of the Company and the ideals which for more than fifty years have guided and inspired its practical policies. First in importance of these policies is fair treatment as represented by the best possible working conditions and the highest wages consistent with the market. This policy, repeatedly stated in these reports and elsewhere, is understood by the older employees and the constantly growing number of those with long service records is evidence that they value it. They have had experience too of the provisions which the Company makes for them in such exigencies as sickness, injury and other disabilities, for vacations, for financial help in emergencies and for assisting them to save. They are familiar with the advantages open to all in the social, recreational, educational and athletic activities for which the Company provides facilities. They constitute the backbone of the morale of the Company. But the younger employees of today will be the older employees of tomorrow. It is of great and increasing importance that they be given opportunities to fit themselves for higher grades of work and to develop their mental capabilities, so that positions of responsibility may be filled in the future as in the past from the ranks of those trained in the Company.

At Hawthorne, in addition to the special training courses maintained on Company time for accepted college graduates, for stenographers, and for young men of technical ability who have inclinations toward tool designing, there are evening classes in some fourteen subjects planned to be of special interest and value to those desiring to get ahead in the Company. These courses are conducted at only nominal expense to students by the Hawthorne Club with the hearty cooperation and support of the Company, and cover such subjects as telephone practice, practical mathematics, mechanical drawing, business English, production and manufacturing principles, accounting and typewriting.

Similarly in the Engineering Department at New York [fol. 5308] special courses are conducted by the staff covering the principles and practices important for advancement in the engineering work of your Company and ranging all the way up to higher mathematics and physics.

In all these classes carried on outside of working hours and involving also outside study and preparation and voluntary alike on the part of both students and instructors, more than 3,000 employees are enrolled.

The directors of your Company desire to express to you and in no perfunctory phrases their conviction that the exceptional record made during the past year has been directly due to the extraordinary efforts made by all ranks of employees with a spirit of devotion, courage and goodwill for which no words can express too high an appreciation.

For the directors.

C. G. Du Bois, President.

[fol. 5309] X-353

Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Earnings for Twelve Months Ending December 31, 1923

Sales	$255,177,122	
Other Income	1,302,874	
		$256,479,996
Cost of Merchandise	$225,751,351	
Expenses	18,239,356	
Taxes	2,409,818	
		246,400,525
Available for Interest and Dividends		$10,079,471
Interest Deductions	$1,159,958	
On Preferred Stock 7% per annum	1,727,572	

Dividends:		
On Common Stock, $10.00 per share, 500,000 shares	5,000,000	
		7,887,530
Balance Carried to Common Stock		$2,191,941

R. H. Gregory, Comptroller.

[fol. 5310] X-353

Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Balance Sheet, December 31, 1923

Assets:		
Land, Buildings and Permanent Fixtures	$23,449,884	
Machinery, Tools and Other Equipment	33,915,918	
		$57,365,802
Investment in and Advances to International Western Electric Company, Incorporated		14,476,865
Other Investments		2,238,820
Merchandise, Materials and Supplies	69,349,002	
Trade Acceptances and Bills Receivable	1,066,727	
Accounts Receivable	44,311,960	
Prepaid Charges	462,556	
Marketable Securities	108,000	
Cash	12,053,342	
Total Working Assets		127,351,587
Grand Total		$201,433,074
Liabilities:		
Common Stock, no Par Value, 500,000 Shares Authorized and Issued	$77,123,767	
Preferred Stock, 7% Cumulative, Par Value $100	24,679,600	
Total Capital Stock		$101,803,367
Bills Payable	$35,000,000	
Trade Acceptances and Bills Receivable Discounted	705,659	
Interest and Taxes Accrued not due	2,655,755	
Accounts Payable	20,056,533	
Total Current Liabilities		58,417,947
Reserve for Depreciation on Plant and Equipment	$34,404,141	
For Employees' Benefit Fund	2,000,000	
For Contingencies	4,807,619	
Total Reserves		41,211,760
Grand Total		$201,433,074

The stated capital of the Company as shown in its Certificate of Incorporation includes $5.00 for each share of common stock.

R. H. Gregory, Comptroller.

[fol. 5311] Western Electric Company, Incorporated, 195 Broadway, New York

March 17, 1924.

To the Stockholders:

The following report on the business of Western Electric Company, Incorporated, for the year 1923 is respectfully submitted.

Sales

The total sales of your Company billed during 1923 were $255,177,000, which compares with 1922 as follows:

	1922	1923
To Bell Telephone Companies	$158,614,000	$185,969,000
To Other Domestic Customers	50,340,000	65,713,000
To I. W. E. Co. for Export	1,987,000	3,495,000
	$210,941,000	$255,177,000

Under sales there is included the merchandise not of Western Electric manufacture which the Company procures for and furnishes to telephone companies as their purchasing agent and storekeeper.

* * * * * * *

Prospect

The unfilled orders of your Company at December 31, 1923, aggregated $94,951,000 as compared with $62,069,000 at the end of 1922 and $75,525,000 at the end of 1921. The unusually large volume of unfilled orders is chiefly in large switchboards made to order and requiring approximately two years for their engineering, manufacture and installation.

In all departments of your Company's work the prospects are for great activity during 1924 and for billings substantially exceeding the high record of 1923.

* * * * * * *

The sales of the International Company and its principal foreign affiliated companies, excluding all inter-company [fol. 5312] sales, were in 1923 approximately $36,500,000, reckoning them into dollars at the current rates of exchange. This compares with $35,000,000 in 1922.

* * * * * * *

Recent Special Activities

In carrying on your Company's engineering work, it sometimes happens that new principles are discovered which, although relatively unimportant in furthering the main activities of your Company, are so closely related to its technical work that it seems desirable to give them special study and attention. Such studies assist in developing a comprehensive viewpoint of the art of electrical communication as a whole and in some cases result in specific inventions and improvements. Some of these recent developments and some of the recent activities of your Company in new lines of manufacture may be briefly mentioned as follows:

Radio.—During the past year extensive changes have been made in equipment for radio telephone broadcasting whereby speech and music may be broadcast with a higher degree of fidelity than has in the past obtained. In addition to improvement made in broadcasting equipments of medium power, a high power high quality set has also been produced.

Your Company has also developed receiving sets of the quality required for the proper reception of the matter transmitted by these broadcasting sets and, so far as permitted by its patents and license rights, is prepared to manufacture and sell this equipment as well as other radio telephone apparatus.

Your Company has also carried out successful development work for the United States Navy, which has resulted in the production of a number of high power radio telegraph sets for use on battleships.

* * * * * * *

Public Address Systems.—In the report to stockholders for the year 1922, mention was made of the important progress by your Company in the development of electrical devices for amplifying and projecting the voice of a speaker so that he could be heard by very large audiences.

[fol. 5313] During the year 1923 a total of seventy-eight permanent installations of Public Address Systems were made in such places as municipal parks, civic auditoriums, cathedrals, churches, theatres, motion picture houses and

hotels, and in addition to these permanent installations, public address apparatus mounted on special automobile trucks was provided for seventy-seven different temporary occasions.

* * * * * * * *

[fol. 5314] Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, *Incorporated*, of California

Balance Sheet, December 31, 1923

Assets:

Land, Buildings and Permanent Fixtures	$23,449,884	
Machinery, Tools and Other Equipment	33,915,918	
		$57,365,802
Investment in and Advances to International Western Electric Company, Incorporated		14,476,865
Other Investments		2,238,820
Merchandise, Materials and Supplies	$69,349,002	
Trade Acceptances and Bills Receivable	1,066,727	
Accounts Receivable	44,311,960	
Prepaid Charges	462,556	
Marketable Securities	108,000	
Cash	12,053,342	
Total Working Assets		127,351,587
Grand Total		$201,433,074

Liabilities:

Common Stock, no Par Value, 500,000 Shares Authorized and Issued	$77,123,767	
Preferred Stock, 7% Cumulative, Par Value $100	24,679,600	
Total Capital Stock		$101,803,367
Bills Payable	$35,000,000	
Trade Acceptances and Bills Receivable Discounted	705,659	
Interest and Taxes Accrued not due	2,655,755	
Accounts Payable	20,056,533	
Total Current Liabilities		58,417,947
Reserve For Depreciation on Plant and Equipment	$34,404,141	
For Employees' Benefit Fund	2,000,000	
For Contingencies	4,807,619	
Total Reserves		41,211,760
Grand Total		$201,433,074

The stated capital of the Company as shown in its Certificate of Incorporation includes $5.00 for each share of common stock.

R. H. Gregory, Comptroller.

[fol. 5315] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1924

[fol. 5316] Western Electric Company, Incorporated, 195 Broadway, New York

March 23, 1925.

To the Stockholders:

The following report on the business of Western Electric Company, Incorporated, for the year 1924 is respectfully submitted.

Sales

The total sales of your Company billed during 1924 were $298,281,000, which compares with 1923 as follows:

	1923	1924
To Bell Telephone Companies	$185,969,000	$233,300,000
To Other Domestic Customers	65,713,000	60,708,000
To I. W. E. Co. for Export	3,495,000	4,273,000
	$255,177,000	$298,281,000

Under sales there is included the merchandise not of Western Electric manufacture which the Company procures for and furnishes to telephone companies as their purchasing agent and storekeeper. (P. 161)

* * * * * * *

The estimated requirements over the next five years indicate that with all emergency measures eliminated both the Hawthorne and Kearny plants, operated at about normal capacity, will meet the demands. (P. 164)

* * * * * * *

During 1924 your Company completed the installation of twenty-three new central offices and sixty-two additions to existing offices of panel type machine switching, equipped for 227,000 lines. In addition, five new central offices and five additions to existing offices, equipped for 23,000 lines, were installed by one of the Associated Companies, making a total of twenty-eight new offices and sixty-seven additions

completed during the year, equipped for 250,000 lines. This makes a total of this type of equipment now installed of [fol. 5317] sixty-six central offices and 453,000 lines.

The step-by-step type of machine switching manufactured to Bell specifications has been installed during the year in eight new offices and sixteen additions to existing offices, providing equipment for 92,000 lines and making a total of fifty central offices and 254,000 lines of this type furnished to the Bell Companies since 1919.

There was a decided increase in the demand for manual switchboards during the past year. Of the largest type of manual switchboard, known as the No. 1, your Company's output in the past few years has increased from 767 sections in 1919 to 1,745 in 1923, and finally to 2,491 in 1924. (Pp. 164-165)

* * * * * * *

Substantial reductions were made in telephone apparatus prices to the Bell Telephone Companies during the year, with the result that the general level of these prices at the end of the year was 17% below the peak prices of 1921, and was only 37% above the pre-war level as compared with 60% for general commodities. Although prices were changed on many classes of apparatus, the bulk of the reductions were in the prices of panel, step-by-step, and manual central office equipment. (P. 165)

[fol. 5318] The trend in shop wages during 1924 was slightly upward while in raw materials the trend was downward until the latter part of the year when it turned upward. The reductions in prices were made possible by greater quantity production and by continued efforts toward better manufacturing methods. The lesser production scheduled for 1925 and the upward trend of material prices if it continues indicate that telephone apparatus prices cannot be further decreased in the near future and may have to be increased. The established policy of your Company is to keep its prices to the Bell Telephone Companies on the lowest basis that will, on the average, produce a fair return on the investment. (P. 166)

* * * * * * *

The total sales of the International Company and its principal foreign allied companies, excluding all inter-company sales, were in 1924 approximately $43,800,000, reck-

oning them into dollars at the current rates or exchange. This compares with $36,500,000 in 1923. The export billings from the United States by the International Company were $6,773,000, of which your Company furnished, as shown on the first page of this report, $4,273,000, a substantial increase over the previous year. (Pp. 168-169)

* * * * * * *

Bell Telephone Laboratories, Incorporated

Since 1907 your Company has directly operated the laboratories at 463 West Street, New York, for the joint use of the American Telephone & Telegraph Company and of your Company. The increasing volume of the work there carried on, its necessarily close relationship to the American Telephone & Telegraph Company's Department of Research and Development, and the need for still further coordination of the scientific work in the art of communication have made it desirable that it should be organized as a separate corporation owned jointly by the American Telephone & Telegraph Company and the Western Electric Company. This plan, carefully considered for several months, was made effective January 1, 1925 and the Bell Telephone Laboratories, Incorporated is now operating, its expenses being divided between its two owner Companies in proportion to the volume and character of the work done for them. (P. 169)

[fol. 5318a] As of April 1, 1924 your Company sold $35,000,000 Twenty Year 5% Gold Debenture Bonds. These bonds are subject to redemption at the option of the Company at 105% on April 1, 1934 or on any interest payment date thereafter to and including October 1, 1940, and at 100% on April 1, 1941 or on any interest payment date thereafter prior to maturity on April 1, 1944. The proceeds of these Debenture Bonds were used in part for additions to plant and in part to retire outstanding short term Bills Payable. The discount on these Debenture Bonds has been charged against the earnings of the year. (P. 170)

P. 175

[fol. 5319] Western Electric Company, Incorporated

Including the Owned Subsidiaries, Western Electric Company, Incorporated, of Delaware, Western Electric Company, Incorporated, of California

Balance Sheet, December 31, 1924

Assets:		
Land, Buildings and Permanent Fixtures	$30,387,700	
Machinery, Tools and Other Equipment	41,409,532	
		$71,797,232
Investment in and Advances to International Western Electric Company, incorporated		13,523,097
Other Investments		2,280,546
Merchandise, Materials and Supplies	$67,952,558	
Trade Acceptances and Bills Receivable	860,940	
Accounts Receivable	45,735,932	
Prepaid Charges	p13,090	
Marketable Securities	138,000	
Cash	9,920,018	
Total Working Assets		124,820,538
Grand Total		$212,421,413
Liabilities:		
Common Stock, no Par Value, 500,000 Shares Authorized and Issued	$80,523,125	
Preferred Stock, 7% Cumulative, Par Value $100	24,079,600	
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$140,202,725
Trade Acceptances and Bills Receivable Discounted	$595,533	
Interest, Taxes and Other Accruals not due	4,771,420	
Accounts Payable	17,501,759	
Total Current Liabilities		22,868,712
Reserve For Accrued Depreciation on Plant and Equipment	$40,490,901	
For Employees' Benefit Fund	4,000,000	
For Contingencies	4,859,075	
Total Reserves		49,349,976
Grand Total		$212,421,413

The stated capital of the Company as shown in its Certificate of Incorporation includes $5.00 for each share of common stock.

R. H. Gregory, Comptroller.

[fol. 5320] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1925

[fol. 5321] March 22, 1926.

To the Stockholders :

The past year has been marked by three important changes in the structure of your Company.

At January 1, 1925, the Bell Telephone Laboratories, Incorporated, owned jointly by your Company and the American Telephone and Telegraph Company, took over the work formerly carried on by your Company's Engineering Department. This has resulted in a better coordination of the scientific work for the Bell System.

As of September 30, the entire capital stock of the International Western Electric Company, Incorporated, which directly and through its foreign subsidiaries carried on your Company's foreign business, was sold to the International Telephone and Telegraph Corporation. The effect of this is to limit the Company's geographical sphere of action substantially to that of the Bell System, namely, the United States and Canada.

At December 31, the Company's Supply Department, conducting a merchandising business through out the United States in all kinds of electrical supplies, was turned over to a new corporation, the Graybar Electric Company, Inc., all of whose $15,000,000 capital stock is owned by your Company.

All of these changes have been duly approved by unanimous vote at meetings of the Stockholders.

So far as can be foreseen the structural changes in the Company are now completed. Its direct activities henceforth center about the furnishing of equipment and supplies to the Bell System, though it has an outlet in the foreign field for its principal products and inventions through the International Standard Electric Corporation (formerly International Western Electric Company, Incorporated) and in the United States for such of its products as are not required by the Bell System through the Graybar Electric Company, Inc. (P. 184)

[fol. 5322] Sales.

The total sales of your Company billed during 1925 were $297,729,000 which compares with 1924 as follows:

	1924	1925
To Bell Telephone Companies	$233,300,000	$226,701,000
To Other Domestic Customers	60,708,000	67,585,000
To Export Customers	4,273,000	3,443,000
	$298,281,000	$297,729,000

Under sales, theer is included the merchandise not of Western Electric manufacture which the Company procures for and furnishes to telephone companies as their purchasing agent and storekeeper. (P. 185).

Prices

The apparatus and supplies furnished to the Bell Telephone Companies fall generally into three groups as to prices.

Telephone supplies not manufactured by the Company are billed at cost including an amount sufficient to cover expenses and interest. These prices now average about 57% above the pre-war level.

Lead covered cable prices are based chiefly on the costs of raw materials and are now about 68% above the pre-war level.

Telephone apparatus comprises more than half of the billings to the Bell Telephone Companies. The 1925 level of prices in this group was about 37% above the pre-war level. Reductions made at January 1, 1926, bring it to 33% above the pre-war level and 20% below the high level of 1920-21. The raw materials entering into telephone apparatus now average about 67% above the pre-war level and shop wages are more than double pre-war wages. It is to be noted in this connection that prices of commodities in general are now 59% above pre-war prices.

The prices of telephone equipment have been kept at a relatively low level by greater quantity production, by improved manufacturing methods, by changes in design, by important advances in the field of switchboard installation

and generally by an increased efficiency of personnel throughout the entire organization. (P. 192-193)

* * * * * * *

[fol. 5323] Sound Recording and Reproduction

Among the important by-products of work done in the Bell Telephone Laboratories, Incorporated, over the past several years on sound transmission, are some improved methods of recording sound on records, such as are used in phonographs, and of reproducing sound from such records.

The commercial exploitation of these inventions has been provided for by giving licenses to certain phonograph companies from whom substantial royalties will accrue to your Company over the next few years, the amounts depending on the sales of records and equipment utilizing such inventions. (P. 193)

* * * * * * *

Sale of Foreign Business

The sale of the International Western Electric Company, Incorporated, which directly and through several foreign affiliated companies, conducted your Company's business outside the United States, was announced in August and was completed on September 30, 1925, when its new owners, the International Telephone and Telegraph Corporation, took over the property.

The patent rights and contracts of the International Company relating to submarine cables of the deep-sea and continuously-loaded types, terminal apparatus for such cables and phonograph recording and reproduction were excluded from the sale and remain the property of your Company. The International Company, now known as International Standard Electric Corporation, has made an agreement with your Company for a continuing exchange of patent rights in the field of telephony and telegraphy (except as to certain special applications and uses of telephonic or telegraphic apparatus for purposes not commonly and commercially understood as telephony or telegraphy): and the agreement provides also that the International Company shall continue to act as exclusive dis-

tributors outside the United States, Canada and Newfoundland for certain apparatus and merchandise which your Company sells for export.

With respect to employees' pensions, your Company has a continuing liability to reimburse the International Company for pensions in effect on the date of sale and for a pro-rata share of pensions subsequently granted to employees in its service at the date of the sale. A reserve has been set up on your Company's books which, with accruing interest thereon, is calculated to fully meet this liability.

[fol. 5324] The cash received from the sale was $29,306,534. The net profit, including a special dividend from the hitherto undistributed earnings of the International Western Electric Company, Incorporated, paid prior to the sale, and after deducting necessary reserves for all liabilities in connection with the sale, was $15,955,096. (Pp. 194-195)

* * * * * * *

[fol. 5325] (Pp. 201-202)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1925

Assets:		
Land, Buildings and Permanent Fixtures at Cost	$32,965,487	
Machinery, Tools and Other Equipment at Cost	40,278,066	
Total		$73,243,553
Investments		17,624,506
Merchandise, Materials and Supplies at Cost or Market whichever is the lower	$55,990,232	
Accounts Receivable	37,613,759	
Prepaid Charges	172,092	
Marketable Securities	10,142,000	
Cash	21,418,305	
Total Working Assets		125,336,388
Grand Total		$216,204,447
Liabilities		
Capital and Surplus	$101,434,583	
Represented by 750,000 shares without par value outstanding (1,000,000 shares authorized).		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$136,434,583

Interest, Taxes and Other Accruals Not Due..	$5,148,841	
Accounts Payable	16,330,720	
Total Current Liabilities.....		21,479,561
Reserve for Accrued Depreciation on Plant and Equipment	$41,767,842	
For Employees' Benefit Fund.....	7,500,000	
For Pension Funds under Agreements with International Standard Electric Corporation and Graybar Electric Company, Inc.....	2,708,886	
For Contingencies	6,313,575	
Total Reserves		58,290,303
Grand Total		$216,204,447

The capital of the Company as provided for in its Certificate of Incorporation is $52,500,000.

R. H. Gregory, Comptroller.

[fol. 5326] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1926

* * * * * * *

[fol. 5327] Production

The everchanging character and variety of our products are exemplified by the fact that during the year the manufacture of 1,940 new items of apparatus and equipment was undertaken, for which the necessary tools, machinery and equipment were provided.

Our policy of seeking for the most efficient methods and equipment for manufacture was prosecuted energetically throughout the year, resulting in substantial reductions in manufacturing costs.

During the year a group of multi-story buildings at the Kearny Works was completed, and the manufacturing activities carried on for the past few years in temporary rented quarters in Jersey City and Newark were transferred to Kearny. Studies show a substantial increase in the future demand for toll equipment, i. e., toll cable, carrier current and repeater apparatus, and for machine switching central office equipment, to provide for which your Board has authorized an addition of 225,000 square feet to the buildings of the Kearny Works and the rebuilding of a large portion of the cable manufacturing plant at

the Hawthorne Works in order to further increase its capacity. (P. 210)

* * * * * * *

Changes in Company Structure

Effective January 1, 1927, a new subsidiary corporation "Electrical Research Products Inc.," was formed to take over that portion of the business and assets of the Western Electric Company, Incorporated, which is not related to the manufacture and distribution of telephone apparatus and supplies. All the stock of the new corporation is owned by your Company.

The field of the Electrical Research Products Inc., includes the commercial development of electrical devices and inventions controlled by your Company and not suitable for distribution through the Graybar Electric Company, Inc., which carries on the distribution of electrical supplies for the general trade. (P. 211)

[fol. 5328] (Pp. 216-217)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1926

Assets:		
Land, Buildings and Permanent Fixtures at Cost	$35,173,957	
Machinery, Tools and Other Equipment at Cost	43,034,163	
Total		$78,208,120
Investments and Marketable Securities		47,385,475
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	$61,455,789	
Accounts Receivable	40,665,639	
Prepaid Charges	122,318	
Cash	7,454,343	
Total Working Assets		109,698,089
Grand Total		$235,291,684
Liabilities:		
Capital and Surplus	$108,508,621	
Represented by 750,000 shares without par value outstanding.		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$143,508,621
Interest, Taxes and Other Accruals Not Due	$5,199,522	
Accounts Payable	17,775,078	
Total Current Liabilities		22,974,600

Reserve for Accrued Depreciation on Plant and Equipment	$46,516,764	
For Employees' Benefit Fund	12,500,000	
For Pension Funds under Agreements with Other Companies	2,821,738	
For Contingencies	6,969,961	
Total Reserves		68,808,463
Grand Total		$235,291,684

The capital of the Company as provided for in its Certificate of Incorporation is $52,500,000.

R. H. Gregory, Comptroller.

[fol. 5329] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1927

* * * * * * *

[fol. 5330] The volume of merchandise sold during the year was approximately 3% greater than in 1926, in which year the sales were the largest in the Company's history up to that time. However, the value of the 1927 sales was about $9,000,000 less than in 1926 owing to the lower prices which obtained for supplies purchased for our customers and price reductions which were put into effect during the year on products of Western Electric manufacture. (P. 225

* * * * * * *

Production

The factory output of telephone apparatus and cable was somewhat less than for 1926, due to a general reduction in inventories throughout the year. In several lines, however, there were substantial increases, notably central office equipment of the dial type, toll cable and loading coils.

We shipped to our customers 342,700 lines of dial type central office equipment and 1,356 sections of large multiple and 2,207 sections of small multiple manual type central office equipments. The largest single central office project ever installed by the Company was completed at Cleveland, Ohio. It consisted of 144 sections of toll board, 16,800 lines of dial type central office equipment, together with a large quantity of associated apparatus, having a value of approximately $6,000,000.

* * * * * * *

In general, production during the year was conducted on a more uniform and better controlled basis than at any time in the Company's history. This was made possible by close cooperation with the Telephone Companies in planning changes in production rates so as to avoid sudden fluctuations in manufacturing schedules and by continued improvements in our methods and processes, whereby the possibility of manufacturing difficulties interrupting production was greatly reduced.

The experience and efficiency of our installation personnel has continued to improve and this together with the improvement in our methods, tools and engineering work has reduced the cost of installation of central office equipments to our customers.

[fol. 5331] During the year gratifying progress was made in generally increasing the efficiency of our personnel, in developing labor-saving machinery, redesigning product to reduce cost and simplifying and improving methods and processes, which together with a reduction in inventories and better controlled production enabled us to make a substantial reduction in the prices of Western Electric Products. (P. 226)

[fol. 5332] (P. 234)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1927

Assets:		
Land, Buildings, and Permanent Fixtures at Cost	$38,809,592	
Machinery, Tools and Other Equipment at Cost	47,928,965	
Total		$86,738,557
Investments and Marketable Securities		30,242,055
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	$52,680,988	
Accounts Receivable	38,734,274	
Prepaid Charges	149,704	
Cash	5,186,077	
Total Working Assets		96,751,043
Grand Total		$213,731,655
Liabilities:		
Capital	$75,000,000	
Represented by 3,750 shares without par value outstanding.		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$110,000,000

Interest, Taxes and Other Accruals Not Due....	$4,249,968	
Bills Payable	4,967,000	
Accounts Payable	15,458,625	
Total Current Liabilities.....		24,675,593
Reserve for Accrued Depreciation on Plant and Equipment	$51,319,208	
For Employees' Benefit Fund.....	12,431,151	
For Pension Funds under Agreements with Other Companies	2,204,704	
For Self-insured Risks	113,213	
		66,068,276
Surplus		12,987,786
Grand Total		$213,731,655

R. H. Gregory, Comptroller.

[fol. 5333] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1928.

* * * * * * *

[fol. 5334] Western Electric Company, Incorporated

195 Broadway,
New York, March 6, 1929.

To the Stockholders:

In many respects 1928 has been the most remarkable year in the history of the Western Electric Company. Sales greatly exceeded those of any previous year; net earnings surpassed those of 1927, notwithstanding important price reductions, the effective value of which during the year substantially equalled the entire net earnings for 1927; and appropriations for increasing our manufacturing facilities far exceeded similar appropriations during any previous year. Furthermore, we successfully established in the motion picture field the Western Electric system of recording and reproducing sound with motion pictures, which bids fair to revolutionize the motion picture industry and will undoubtedly have an important influence on the future development of the entire entertainment field (p. 242).

* * * * * * *

While the value of the 1928 sales was $34,200,000 greater than for 1927, an increase of 13.5%, the volume handled shows an even larger increase—22%, due to lower prices

for supplies which we, as purchasing agent, procured for our customers, and to substantial reductions in the prices of products of our own manufacture and for equipment installations. The reductions in the prices of our manufactured products and equipment installations amounted to upwards of $19,000,000 on the 1928 volume of business, and were largely the result of improved methods and processes, increased efficiency of the personnel, and the further introduction of labor-saving machinery (p. 242).

* * * * * * * *

[fol. 5335] At the close of the year the voting stock of the Graybar Electric Company was sold to the Graybar Management Corporation for $3,000,000 in cash, subject to $6,000,000 par value preferred non-voting stock of the Graybar Electric Company, held by your Company, which stock is to be retired at par over a period of ten years.

The Management Corporation was organized to enable the officers and other employees of the Graybar Electric Company to purchase that Company, and all of the outstanding stock of the Management Corporation is owned by them. No officer or other employee of the American Telephone and Telegraph Company, the Western Electric Company, or any other company owned or controlled by either of those companies, owns any stock of the Graybar Management Corporation.

Your Directors have had this sale under consideration for the past two years owing to the fact that the trend of the Graybar business has been toward an increasing proportion of sales of electric power and lighting supplies furnished by various electrical manufacturers, while the sale of products manufactured by your Company has become a relatively small and decreasing proportion of the Graybar Company's total business. In view of this tendency it was decided to dispose of the Graybar Company. It will, however, continue to distribute in the United States, to customers other than the Bell System, Western Electric products such as telephone apparatus, train dispatching equipment, telephone cable, public address systems, broadcasting equipment, radio loud speakers and scientific equipment.

Production and Distribution

During the first half of the year production was on a slightly higher level than in 1927, but about the middle of the year increasing demands for our products made it necessary to utilize every facility at our command and to resort to overtime and night work in our shops. The 1927 and 1928 outputs of a few significant items illustrate the magnitude of the increase:

[fol. 5336]

	1927	1928	Per cent Increase
Dial type central office equipment, in lines	342,700	455,000	33
Private branch exchange switchboards	11,600	15,600	34
Loading coils	719,000	1,045,000	45
Telephone repeaters	8,460	15,100	78
Toll cable, in billions of conductor feet	4.7	7.4	58

(p. 244).

* * * * * * *

In the summer of 1928 a forecast of long distance telephone apparatus and equipment requirements for 1929 indicated a greatly increased demand. To meet this demand and to provide for increasing demands in the future, your Board deemed it advisable to authorize another Manufacturing Works to supplement Hawthorne and Kearny. Accordingly, a site containing about 135 acres of land has been purchased on the Bay of the Patapsco River in the city of Baltimore, Maryland. Plans are nearly completed for the immediate erection of the first manufacturing unit, a cable plant, which will double our capacity for the manufacture of toll cable. It is expected that this unit will be in operation in the latter part of 1929 and will be followed by the erection of two additional units to be completed in the summer of 1930, which will be used for the manufacture of wire products (pp. 244-245).

* * * * * * *

The growing demand for the most modern types of telephone equipment increases materially the amount of equip-

ment removed from service by the Telephone Companies and returned to our repair shops for modification and repair, or for recovery of basic materials. Much of this equipment is reconditioned and modernized for use by the Telephone Companies. The volume of this business has shown a steady increase, having amounted to $35,500,000 in 1928, as compared with $18,000,000 five years ago.

Bell Telephone Laboratories, Inc.

The development and design of the products that your [fol. 5337] Company manufactures is done by Bell Telephone Laboratories, which also carries on the fundamental research involved.

These Laboratories, the largest in the industrial world, with more than 4,600 employees, including a highly trained staff of scientists, engineers and technicians, continue to make outstanding inventions and improvements in systems and apparatus for electrical communication by wire, by submarine cable and by radio. It has also continued to carry on successfully, in cooperation with the engineers of the Western Electric Company, improvements in apparatus design directed toward further standardization and more economical manufacture.

Electrical Research Products, Inc.

This Company was organized January 1, 1927, to provide a means for the commercial development, in fields outside the telephone industry, of inventions of the Bell Telephone Laboratories and the Western Electric Company, some of which, while primarily developed for the telephone industry, may be used to advantage in other fields. Notable progress was made during the past year, particularly in the talking motion picture field.

As a by-product of its telephone research work the Bell Telephone Laboratories developed a system of synchronizing sound with motion pictures, which was first commercially demonstrated in 1926. Since that time substantially all of the larger and more important motion picture producers have adopted this system and taken licenses for its use in the production of sound pictures. At the close of the year Electrical Research Products had equipped a large number of leading motion picture studios, and more

than 1,000 theatres with the Western Electric sound system. The Company has a large volume of sound equipments on order for delivery during 1929 and expects to equip upwards of 3,000 additional theatres during the year.

Progress in sound pictures parallels developments of major importance in the design and operation of modern high speed submarine cables, and improvements in the methods of recording sound on records, such as are used in phonographs, and in reproducing sound from such records, referred to in the annual reports for 1925 and 1926.

[fol. 5338]

Employees

At the end of the year there were 56,324 employees on the pay roll, as compared with 40,565 at the beginning of the year, an increase of nearly 40%. The first half of the year showed a small, gradual increase in the total number employed, followed by a rapid increase during the last half of the year due largely to the increased demand for our manufactured products (pp. 245-247).

* * * * * * *

[fol. 5339]

(P. 251)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1928

Assets:		
Land, Buildings and Permanent Fixtures at Cost	$42,606,473	
Machinery, Tools and Other Equipment at Cost	51,819,779	
Total		$94,426,252
Investments, including Stock in and Advances to Subsidiary Companies		30,002,873
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	$60,177,391	
Accounts Receivable	48,957,412	
Marketable Securities	5,863,929	
Cash	12,303,035	
Total Working Assets		127,301,767
Grand Total		$251,730,892
Liabilities:		
Capital	$100,000,000	
Represented by 4,000,000 shares without par value outstanding.		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$135,000,000

Interest, Taxes and Other Accruals Not Due	$3,181,785	
Bills Payable	21,064,706	
Accounts Payable	24,753,263	
Total Current Liabilities		48,999,754
Reserve for Depreciation of Plant	$56,821,896	
Self-insured Risks	125,288	
Total		56,947,184
Surplus		10,783,954
Grand Total		$251,730,892

R. H. Gregory, Comptroller.

[fol. 5340] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1929

* * * * * * *

[fol. 5341] A new record was also established during the year in expansion of permanent manufacturing facilities, involved in carrying forward a comprehensive three-year program for additional plant and equipment, to provide adequate sources of supply for the future needs of the Bell System.

In its business outside of the System, your Company made notable progress, maintaining its leadership as the principal manufacturer of talking motion picture equipment, supplying theatres not only in the United States but throughout the world, and pioneering in the aviation industry as a maker of radio telephone equipment for communication between planes and the ground (p. 258).

* * * * * * *

The sales for 1929 show an increase of 42.7% over 1928, the amount of the increase—$123,019,000—being greater than the sales of your Company for any year prior to 1920.

While the heavy demands for Western Electric products necessitated intense effort being applied to increasing production throughout the year, there was no slackening of effort directed toward reducing costs. During the year, your Company was able to reduce prices to the extent of $11,250,000 on the year's volume of sales as the result of economies effected by this work. This activity, involving extensive research and development work which has been prosecuted intensively for a number of years, has resulted in better methods and equipment, increased efficiency of

working forces, more economical use of materials, elimination of waste and the mechanization of processes. Illustrating more broadly the effectiveness of this work over a period of years, Western Electric sales for 1929, which approximated $411,000,000, would have totalled $495,000,000 on the basis of prices in effect on January 1, 1926. Of this saving of $84,000,000, lower prices which obtained for materials purchased account for $20,000,000, while the balance, $64,000,000, is due to design economies effected by the Bell Telephone Laboratories, and reductions in costs of manufactured products and in the cost of installing central office equipments, brought about by the intensive program of cost reduction in the Western Electric Company (p. 259).

* * * * * * *

[fol. 5342] Production

Beginning with the middle of 1928 demand for products of your Company increased with unprecedented rapidity and taxed its ability in every department. Spare capacity was rapidly exhausted and to meet these demands it was necessary to use the permanent manufacturing facilities to the utmost, by working overtime and establishing night-shifts wherever practicable. It was also necessary to expand manufacturing temporarily into rented quarters, in many locations, having an aggregate floor area equal to about 25% of our permanent floor space. As a result of these extraordinary efforts production for the year 1929 exceeded that for 1928 by 67%.

A comparison of the output of a few of the more important products manufactured in 1928 and 1929 is as follows:

	1928	1929
Dial Type Central Office Equipment (Lines)	455,000	636,000
Loading Coils	1,045,000	1,797,000
Long Distance Cable (Conductor Feet)	7,446,000,000	12,000,000,000
Telephone Repeaters	15,100	38,500
Handsets	532,000	653,000
Subscriber Sets	929,000	1,664,000
Calling Dials	525,000	1,312,000

To provide on a permanent basis for the greater demand for your Comapny's products we are making large addi-

tions to our manufacturing facilities at Hawthorne and Kearny, and have started a third plant at Point Breeze, Baltimore, Maryland, the first unit of which, the toll cable plant, having an initial capacity equal to double the output of toll cable in 1927, was placed in production at the close of the year. When completed to its ultimate size, the Point Breeze toll cable plant will have a capacity equal to four times our toll cable output for 1927.

[fol. 5343] On January 1, 1929, we had available 5,160,000 square feet of floor space, of which 3,900,000 was at Hawthorne. During 1929, 1,360,000 square feet were added, and during 1930 we plan to add 2,670,000 square feet. This will bring the total to 9,190,000 square feet of floor space at the manufacturing plants which is more than twice that available at Hawthorne on January 1, 1929.

Our present plans for the expansion of the three main manufacturing plants, Hawthorne, Kearny and Point Breeze, provide a floor space of 5,000,000 square feet for each plant when completed to ultimate capacity, and the employment of a total of 110,000 people on a normal operating [fol. 5344] basis, divided about equally between the three plants. The annual normal capacity output of the three plants, based on present prices, will be about $510,000,000—nearly four times the sales of products of our own manufacture for the year 1927, which up to that time was our record year. Of this total Hawthorne will produce $160,000,000, Kearny $177,000,000 and Point Breeze $173,000,000.

Your Company entered into a contract to purchase the property adjoining the Kearny Works, to the north, comprising 89 acres of ground and buildings having a floor area of 865,000 square feet. This property will become available in the fall of 1930 (pp. 261-262).

* * * * * * *

The expansion to Plant facilities made in 1929 and planned for 1930 and 1931 involve expenditures of $110,000,000, which is almost one and one-fifth times the cost value of the entire Plant at January 1, 1929 (p. 262).

* * * * * * *

Employees' Benefit Plan

In accordance with the provisions of the Employees' Benefit Plan, established in 1913, the Company made pay-

ments during 1929 totaling $1,269,105 to employees on account of sickness, accident, retirement for age or disability, and as death benefits to dependents. These payments were made to 8,836 employees as follows:

Accident Benefits and Expenses	$154,433
Sickness Benefits	810,342
Pensions	144,629
Death Benefits	159,701
Total	$1,269,105

For the ten year period from 1920 to 1929 these payments aggregated $8,728,000 (p. 265).

* * * * * * * * *

[fol. 5345] Bell Telephone Laboratories, Incorporated

During 1929 the personnel of the Laboratories was increased to more than 5,600. This highly trained staff continued to make outstanding developments and improvements in systems and apparatus for electrical communication, and to carry on, with the cooperation of the engineers of your Company, improvements in apparatus design directed towards further standardization and more economical manufacture.

These continuing developments of the telephone and associated arts require the initiation of manufacture of a large number of new devices. In 1929 the manufacture of 3,630 new items of apparatus and equipment was undertaken, involving the provision of tools, machinery and other facilities necessary for their production.

Of particular importance during the year was the completion of the design of small light-weight radio apparatus, suitable for aircraft and arranged for radio-beacon and weather-signal reception and for two-way radio telephone communication. A spectacular demonstration of the latter equipment was a two-way telephone conversation on December 23rd between passengers in the Laboratories' airplane with passengers on the S. S. Leviathan. Another important development in the telephone field was a steel armored cable which can be buried in a trench without the protection of the usual conduit.

In its development work outside of the telephone field the Laboratories made important improvements in the design of high-powered radio broadcasting equipment, of public address systems, and of equipment auxiliary to talking motion pictures (p. 266).

* * * * * * * *

Electrical Research Products, Inc.

* * * * * * *

A number of inventions and patents resulting from the development of manufacturing methods, processes and equipment for the Western Electric factories have been made available to others for use outside of the telephone field upon a basis productive of income to the Company (p. 267).

* * * * * * *

[fol. 5346] (P. 271)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1929

Assets:		
Land, Buildings and Permanent Fixtures at Cost	$60,102,640	
Machinery, Tools and Other Equipment at Cost	74,461,492	
Total		$134,564,132
Investments, including Stock in and Advances to Subsidiary Companies		62,178,802
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	$95,940,378	
Accounts Receivable	65,431,915	
Marketable Securities	671,450	
Cash	14,604,973	
Total Working Assets		176,648,716
Grand Total		$373,391,650
Liabilities:		
Capital Represented by 5,250,000 shares (without par value) outstanding	$150,000,000	
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$185,000,000
Notes Sold to Trustee of Pension Fund		26,128,933
Interest, Taxes and Other Accruals Not Due	$5,344,170	
Notes Payable	42,819,000	
Accounts Payable	34,733,139	
Total Current Liabilities		82,896,309

Reserve for Depreciation of Plant	$64,670,737	
Self-insured Risks	138,726	
Total		64,809,463
Surplus		14,556,945
Grand Total		$373,391,650

R. H. Gregory, Comptroller.

[fol. 5347] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1930

[fol. 5348] The 1930 business of the Western Electric Company, like that of most industries, showed a decrease in comparison with the previous year. While the Company entered the year with the largest volume of unfilled orders in its history, the recession in general business early in the year affected the telephone companies' requirements for equipment, and the volume of new business which they placed consequently decreased.

The problems of the year, therefore, were primarily those of adjusting large scale operations to fit a rapidly declining business. This situation was met first, by eliminating overtime and night work and by releasing many of the more recently employed people. Then by applying a policy of shortened hours, the Company was able to distribute work in such a way as to retain in its service more than 5,000 employees who would otherwise have been laid off.

[fol. 5349] The change in business conditions and the consequent decrease in demand for the Company's products made it advisable to modify the program which was undertaken the previous year for expansion of manufacturing facilities; and while substantially all buildings in course of construction at the beginning of 1930 were carried to completion, the resumption of the program awaits a revival in business (p. 279).

* * * * * * * * *

The company is primarily a manufacturer of communication equipment, and a large proportion of its product is sold to the Bell System. During 1930, the sale of telephone equipment for dial central offices was the largest in the history of the business, reflecting the growing use of dial

operation by the Bell System throughout the country. Sales of lead covered cable and apparatus used on subscribers' premises, together with supplies purchased from other manufacturers showed a falling off.

Included in the sales to customers outside of the Bell System are telephone apparatus, cable, aviation radio, public address and police and other radio transmitting equipment. Of outstanding interest during the year were the sales of aviation radio equipment to the leading air transport companies in the United States. Practically all of the large air lines are now equipped with both plane and ground transmitting and receiving radio systems.

A public address and music distribution system was contracted for by the new Waldorf-Astoria Hotel, New York City. This project, which is the largest hotel equipment of its kind in existence, will provide for selection of six radio programs, or six public address programs in any one of 2,000 rooms.

Financial

The net profit rate on sales was 3.4%, as compared with 5.6% in 1929, and was the lowest profit rate in more than ten years.

While 1930 sales were about 12% less than for [fol. 5350] 1929, earnings declined from $31,555,774 to $20,297,612—the result of the change from an expanding to a rapidly contracting volume of manufacture and the necessary heavy write-downs in inventories during a period of declining commodity prices. These earnings fell short of meeting interest payments and dividends by $7,625,161. Earnings included dividends amounting to $5,044,000 received during the year from subsidiary companies whose earnings in 1930 exceeded the dividends paid by approximately $250,000.

To finance the completion of manufacturing facilities which were contracted for in 1929, stockholders of record on February 17, 1930, were offered the right to subscribe to 750,000 shares of common stock without par value at $40.00 per share in the ratio of 1 share for each 7 shares held. The entire amount of new stock offered, providing new capital of $30,000,000, was taken by the stockholders and stock was issued as of March 31, 1930.

Manufacture

The problem of production in 1930 can best be understood when it is remembered that as the year opened, our plants were operating at maximum capacity, as the result of a two year unprecedented demand for our products. Thousands of employees were on overtime and night work, and a large amount of manufacturing was being carried on in rented quarters.

When orders from the telephone companies began to decrease, there was still a large volume of production on schedule and the steps taken to control output were first directed toward eliminating emergency measures of manufacture. As the year progressed, however, the volume of orders continued to decrease, and by July downward revisions of schedules made necessary adjustments of forces, hours of work and the supply of raw materials. This contraction, which it was necessary to accomplish even more rapidly than the expansion of the year before, was also costly and difficult both for management and employees.

During the year leased factory space was reduced 190,000 square feet. In the same period new buildings—a power plant, an insulated wire building and a restaurant—were completed at Point Breeze, and the contract covering [fol. 5351] the purchase of the Ford Motor Plant, adjoining the Kearny Works, was consummated. These buildings will be used for the manufacture of various types of apparatus now being produced in rented space and will make possible the release of about 425,000 square feet of that space during 1931.

While the Company's building expansion program is held in abeyance, its general plans for the distribution of manufacture between Works remain unchanged. They provide for producing at Hawthorne all types of dial central office equipment, loading coils and toll and loop cable for the Middle West.

The Kearny Works is producing the manual type of central office equipment, carrier current and repeater systems for toll lines, radio broadcasting equipment, airplane communication products, and loop cable for the East and the Pacific coast.

The Point Breeze Works is producing toll cable for the East and Pacific coast and a substantial part of the Bell

System's requirements for rubber covered telephone wire—and when building construction is resumed—it is planned to transfer from Hawthorne the manufacture of the types of apparatus used on subscribers' premises.

Distribution

The problem of distribution during 1930 was the reverse of that in 1929. During periods of rapidly increasing demand, stocks are quickly diminished, problems of supply are magnified, and service is the pressing and important factor. During periods of declining demand, as in 1930, supply becomes plentiful, service difficulties disappear and problems incident to balancing orderly and efficient decline in production against increasing stocks of merchandise take their place.

Service throughout the year was excellent. Investment at Distributing Houses was reduced commensurate with the decline in volume of sales. Investment at the merchandise warehouses increased, but was maintained at levels which may be readily reduced over a reasonable period with an upward trend in sales. (pp. 280-282).

* * * * * * * *

[fol. 5352] Bell Telephone Laboratories, Incorporated

The Laboratories have continued their pioneering researches in the sciences basic to the communication art; their design and development of new apparatus and equipment; and their work, in cooperation with various departments of the Western Electric Company, leading to increased standardization and reductions in cost of products.

Their continued development work and new designs, coupled with improvements of Western Electric Company's engineers in manufacturing methods, resulted during the year in many economies in production, noticeably in the case of loading coil units and of certain types of lead covered cable. The development of new magnetic materials continued with further improvements in "permalloy" and "perminvar", alloys which are important in the design of many Western Electric products. In central office equipment new design resulted in a reduced number of types, and in greater standardization, with consequent economies in manufacturing and merchandising.

Further progress was made in the development of airplane radio systems, sound picture systems, acoustical apparatus and other Western Electric products.

Electrical Research Products, Inc.

Electrical Research Products, together with its foreign subsidiaries, has installed sound reproducing equipment for talking motion pictures in more than 7,600 theatres throughout the world. With substantially all the large motion picture theatres equipped at the end of 1930, the future activities of the Company in this field are now concentrated upon the smaller theatres. In addition to the recording studios in this country, a number of foreign studios have been equipped with Western Electric sound recording apparatus.

The maintenance of theatre equipment in a satisfactory operating condition continues to be an important function of the Company. For that purpose it has an experienced technical service organization located throughout the world. This group provides regular inspection to all theatres equipped with the Western Electric sound system and emergency assistance when called for. It is thus an [fol. 5353] important factor in insuring high quality for the reproduction of talking pictures.

Progress has been made during the year in improving the quality of sound in the motion picture, the outstanding achievement in this respect being the "Western Electric New Process Noiseless Recording", which is perhaps the most notable single advance in the art since the first commercially successful showing of sound pictures in 1926.

During the year, effort has been directed toward developing the use of the talking motion picture for non-theatrical purposes. Essential research has laid a foundation for the utilization of this medium in the educational field and the interest of educators is being awakened. In the industrial field, business is turning to this method for publicity and for the demonstration of products. In the religious field a start has likewise been made.

Experience gained in the solution of acoustic problems is now being made commercially available to architects, builders, engineers, and the public generally through a consulting acoustic service.

The Company's activity in making available to other industries Western Electric developments in manufacturing methods, processes and equipment for use outside the telephone field has been carried on with satisfactory results.

Teletype Corporation

The acquisition in October of the Teletype Corporation of Chicago and its operation as a Western Electric subsidiary brought to the company a notable addition in product, manufacturing facilities and personnel.

The Teletype plant occupies six and a half acres of land on Wrightwood Avenue, Chicago. It consists of thirteen buildings comprising 280,000 square feet of floor space. Here is designed and manufactured printing telegraph equipment for the transmission of typewritten communications over wires between distant points. Wide uses of this system are made by newspapers, news gathering agencies, financial institutions and industries. High speed stock quo- [fol. 5354] tation tickers and stock quotation display boards are also Teletype products.

For several years the Bell System has been the largest customer of the Teletype Corporation, and the system probably will continue to require the major portion of the company's production. The acquisition of Teletype furnishes opportunity for greater progress and economy from coordinated research, development and manufacture (pp. 285-287).

* * * * * * *

[fol. 5355] (P. 291)

Western Electric Company, Incorporated

Balance Sheet, December 31, 1930

Assets:		
Land, Buildings and Service Equipment at Cost	$73,089,826	
Machinery, Tools and Other Equipment at Cost	90,728,006	
Total		$163,817,832
Investments, including Stock in and Advances to Subsidiary Companies		75,041,557
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	$86,678,371	
Accounts Receivable	44,824,081	
Marketable Securities	859,677	
Cash	8,080,441	
Total Working Assets		140,442,570
Grand Total		$379,301,959

Liabilities:		
Capital	$180,000,000	
Represented by 6,000,000 shares (without par value) outstanding.		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		$215,000,000
Notes Sold to Trustee of Pension Fund		31,481,085
Interest, Taxes and Other Accruals Not Due	$3,875,540	
Notes Payable	30,000,000	
Accounts Payable	17,025,175	
Total Current Liabilities		50,900,715
Reserve for Depreciation of Plant	$74,804,446	
Self-insured Risks	183,929	
Total		74,988,375
Surplus		6,931,784
Grand Total		$379,301,959

R. H. Gregory, Comptroller.

[fol. 5356] Western Electric Company, Incorporated

Report to Stockholders for Year Ending December 31, 1931

[fol. 5357] Sales

Sales for 1931 were $228,956,000 and compare with previous years as follows:

1930	$361,478,000	1925	$239,531,000
1929	410,950,000	1924	246,944,000
1928	287,931,000	1923	198,537,000
1927	253,724,000	1922	168,321,000
1926	263,105,000	1921	153,411,000

Sales to Bell Telephone Companies during 1931 were $219,535,000, and to customers outside of the Bell System $9,421,000.

[fol. 5358] Financial

The net profit rate on sales was 4.0%, as compared with 3.4% in 1930.

While 1931 sales were 36.7% less than for 1930, earnings declined from $20,297,612 to $15,557,613, or 23.4% (p. 298).

* * * * * * *

Manufacture

At the beginning of 1931 the Manufacturing Department was operating at 66% of normal activity and had on its

roll 39,484 employees working an average of five days a week.

As the year progressed, in order to meet the continued decline in business, the general policy was followed of spreading available work as far as possible through shortening the hours of work, thus insuring the maintenance of the largest number of people at work and minimizing unemployment. The application of this policy enabled the Manufacturing Department to maintain, as of the end of the year, a force of 28,137 employees, with plants operating at 74% of normal.

Production for the year in comparison with 1930 dropped 30% on telephone apparatus and 55% on cable.

In a period of declining production the normal trend of costs is upward. Efforts to offset this were applied both by the introduction of more efficient processes and improved operating practices.

During the year leased space at Works locations was reduced 697,000 square feet. In order to economize further and at the same time take advantage of low construction costs, a new building, having a floor space of 278,000 square feet, was started at Hawthorne, and its completion in 1932 will make possible consolidation within the Hawthorne Works of operations now carried on at three outside rented locations in Chicago (pp. 299-300).

* * * * * * *

[fol. 5359] Bell Telephone Laboratories, Incorporated

The development and research work of the Laboratories continued throughout 1931, and the results of this work, together with related advancements made by Western Electric engineers in manufacturing methods, have been reflected in further improvements in the products of the Company. Outstanding advances are to be found in each important part of the telephone plant, such as central office and station equipment, outside plant structures and wire and radio transmission systems. Increased standardization has aided materially in the efforts towards further economies in manufacturing and merchandising.

Of marked importance in the extension of services of the Bell System was the newly developed teletypewriter exchange system, which provides central switching facilities

for teletypewriters similar to central office exchanges for telephones. All of this central office equipment was developed in the Laboratories and is manufactured by the Western Electric Company.

Among the products for use in fields outside the Bell System, noteworthy progress has been made in the further development of sound picture systems, including those for educational and industrial purposes, airplane radio telephone systems and general acoustical apparatus.

Electrical Research Products, Inc.

With substantially all large motion pieture theatres throughout the world equipped with sound reproducing apparatus, the sales of Electrical Research Products during 1931 were for the most part to the smaller theatres. There are now approximately 8,600 theatres equipped with the Western Electric system, and the high standard which the Company has attained in the maintenance of theatre equipment through its technical service organization, has further consolidated the Company's position of outstanding leadership in the field. The market, however, for installations in theatres is approaching saturation.

In the non-theatrical field, where the Company has done considerable pioneering work in developing the use of sound pictures for religious, educational and industrial use, many lines of business are finding this medium an effective means of sales training and sales stimulation.

[fol. 5360] During the year outstanding improvements were made in the art of recording sound for use in radio broadcasting; and electrical transcriptions of a new standard of quality were made available to the Company's licensees among broadcasting stations, both for advertising and regular programs.

The Company's acoustic engineering service, made commercially available last year to architects, engineers and the public, has been further developed and has met with gratifying acceptance.

Teletype Corporation

On November 21st the Bell System inaugurafed a teletypewriter switching service providing its customers with a two-way system of typewritten communication by wire. The

immediate popularity of this service brought a marked increase in demand for instruments. In meeting it the Teletype Corporation was able to restore to their jobs more than 400 former employees and to put the entire force upon a full time operating basis.

Nassau Smelting & Refining Company, Incorporated

On October 30th the Company acquired the business of the Nassau Smelting & Refining Company and the plant and inventory of the Tottenville Copper Company, Staten Island, New York. This purchase provides the Western Electric Company with facilities to carry on more completely and more economically the reclamation of scrap metals resulting from manufacturing operations and from material removed from the Bell System plant. The business will be conducted as a wholly owned subsidiary under the name of the Nassau Smelting & Refining Company, Incorporated (pp. 302-304).

* * * * * * *

[fol. 5361] Western Electric Company, Incorporated

Balance Sheet, December 31, 1931

Assets:		
Land, Buildings and Service Equipment at Cost	$75,546,869	
Machinery, Tools and Other Equipment at Cost	95,481,320	
Total		$171,028,189
Investments, including Stock in and Advances to Subsidiary and Associated Companies		78,217,496
Merchandise, Materials and Supplies at Cost or Market, whichever is the lower	69,516,518	
Accounts Receivable	46,714,099	
Marketable Securities	1,004,497	
Cash	4,352,379	
Total Working Assets		121,587,493
Grand Total		$370,833,178
Liabilities:		
Capital	$180,000,000	
Represented by 6,000,000 shares (without par value) authorized and outstanding.		
5% Gold Debenture Bonds, 1944	35,000,000	
Total Capital Liabilities		215,000,000
Notes Sold to Trustee of Pension Fund		35,822,963
Interest, Taxes and Other Accruals Not Due	2,360,833	
Notes Payable	14,741,764	
Accounts Payable	11,393,301	
Total Current Liabilities		28,495,898

Reserve for Depreciation of Plant	84,046,476	
Self-Insured Risks	219,670	
Total		84,266,146
Surplus (Earned)		7,248,171
Grand Total		$370,833,178
Contingent Liability		$479,692

R. H. Gregory, Comptroller.

[fol. 5361a] EXTRACTS FROM EXHIBIT X-354

Illinois Bell Provisional Estimates

(Here follows side folio 5362)

EXHIBIT X-354

	COMPANY STATIONS	ACTUAL RESULTS 1918	1919	1920	1921	Plan Est. 1922	1923	1924	Plan Est. 1925	1926	1927	
1	Gross Connections*	119	159	127	159	165	130	173	180	184	141	1
2	Gross Disconnections*	98	99	93	120	125	126	127	132	136	141	2
3	% Disc. to Total in Service Jan. 1st	14.0	13.7	11.8	14.6	14.6	15.0	12.4	12.2	12.9	12.9	3
4	Net Station Gain*	21	60	34	39	40	44	50	48	48	50	4
5	% Gain to Total Stations Jan. 1st	2.0	8.2	4.2	4.7	4.7	4.9	5.2	4.8	4.6	4.6	5
6	Net Sta. Gain by Purchases, Sales, or Transfers	1	9	1	4	-	2	-	-	-	-	6
7	Total Stations at End of Year	72	790	828	868	898	946	996	1,042	1,091	1,141	7
8	Average Number of Stations	712	751	801	840	872	922	970	1,019	1,067	1,116	8
9	% Increase over Previous Year	4.2	5.5	5.7	4.9	3.8	5.7	5.2	5.1	4.7	4.6	9
10	Av. No. Stations Operated from Mach. Switch. C. O.	2	2	2	2	4	36	40	60	58	65	10
	PLANT—TELE. CONST. WORK IN PROGRESS											
11	Gross Additions to Plant*	6,958	7,969	11,196	15,658	17,300	17,400	17,200	14,760	14,250	12,790	11
12	Net Additions to Plant*	4,414	5,547	8,502	11,982	13,136	12,000	12,450	10,810	9,180	8,770	12
13	Per Station Gained*	210.19	89.12	250.06	307.23	328.40	261.82	249.00	225.21	190.21	175.40	13
14	Net Add. to Plant by Purchases, Sales, or Transfers	21	689	256	*800	26	912	-	-	-	-	14
15	Total Plant at End of Year	91,678	97,664	106,402	117,884	131,046	144,029	156,879	167,689	176,819	185,589	15
16	% Increase Over End of Previous Year	5.1	6.5	8.9	10.8	11.2	10.2	8.6	6.9	5.4	5.0	16
17	Per Station	127.15	123.63	129.29	127.89	145.95	152.88	157.67	160.78	162.07	162.66	17
18	Average Plant in Service	86,978	93,681	100,447	108,793	118,500	134,080	148,660	160,095	170,660	179,495	18
19	Per Station	122.14	124.44	125.28	129.51	135.89	145.42	153.28	157.11	159.94	160.84	19
	REVENUES AND EXPENSES (Average Per Station / Annual Basis)											
20	Exchange Revenues	32.14	36.92	41.88	48.08	48.74	48.82	49.22	49.26	49.54	49.56	20
21	Toll Revenues	5.39	6.11	7.02	6.94	7.45	7.59	7.70	7.80	7.90	8.00	21
22	**Total Tel. Revenues**	37.58	43.03	48.88	55.02	56.19	56.40	56.92	57.16	57.44	57.58	22
23	Traffic Expenses	10.61	13.68	17.50	17.32	17.58	17.37	17.11	16.24	16.45	16.25	23
24	Commercial Expenses	4.23	4.95	6.16	6.05	6.13	6.09	6.07	6.05	6.02	5.96	24
25	Gen. and Misc. Expenses	1.41	1.48	1.89	1.88	1.61	1.56	1.56	1.56	1.56	1.56	25
26	Other Oper. Expenses	1.94	2.12	2.51	2.50	2.52	2.42	2.48	2.50	2.52	2.58	26
27	Current Maintenance	5.39	6.28	7.48	8.23	8.46	8.06	8.14	8.18	8.17	8.18	27
28	Depreciation	6.52	6.91	6.68	6.26	6.73	7.44	7.95	8.17	8.26	8.46	28
29	Taxes	2.42	2.99	3.27	4.27	4.79	4.76	4.95	5.22	5.47	5.42	29
30	**Total Tel. Expenses**	32.58	38.48	44.94	46.36	47.66	47.72	48.26	47.69	47.56	48.51	30
31	**Net Tel. Earnings**	5.00	4.55	3.91	8.66	8.51	8.68	8.66	9.27	9.89	9.04	31
32	Depreciation ($\frac{608, 609}{340}$) % to Av. Plant in Serv ($\frac{\text{incl. } 261}{\text{excl. } 211}$)	5.4	5.6	5.4	5.0	5.0	5.2	5.2	5.2	5.3	5.3	32
33	Reserve for Depreciation ($\frac{107}{(101)}$) — End of Year	20,595	24,687	28,852	29,513	33,261	37,718	43,910	49,963	57,316	65,204	33
34	% to Tot. Plant in Service ($\frac{\text{excl.}}{211}$) and Gen. Eq.	22.5	25.4	24.8	26.3	28.7	26.2	28.4	29.9	32.5	35.1	34

* Including Purchases, Sales or Transfers

† 1. [illegible] Months Estimated

Note: Show money value and number of stations to nearest thousand, omitting last three digits.
Show percentages extended to one decimal. Per station figures should be given in dollars and cents.
Show 1923 estimated net gain in company stations by months on reverse of form.

*= red figures

Date issued 11-27-22

X-354
23

5362

[fol. 5363] EXHIBIT X-354

* * * * * * *

P. 21-A

November 28, 1922.

Mr. H. B. Thayer, President American Telephone and Telegraph Co., 195 Broadway, New York.

DEAR MR. THAYER: As requested in your letter of September 7th, I am sending you herewith five copies of the 1923 Provisional Estimate.

The proposed program, which totals $17,400,000 for Gross Additions to Plant, includes approximately $350,000 for additional plant for the Long Lines Department in Chicago. The completion of this program during 1923 will require $6,600,000 beyond our estimated current resources. This figure does not include provision for refunding $19,004,000 of Chicago Telephone Company bonds and $15,530,179 of Central Union Company notes, both of which mature December 1, 1923.

* * * * * * *

(Here follows side folios 5364-5384)

45904

FORM C. U. 245 K
LAL ESTIMATE 6004

FORECAST OF EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1922-1923

Name of Company ILLINOIS BELL TELEPHONE COMPANY

STATEMENT E.

	EARNINGS AND EXPENSES:	ACTUAL RESULTS 1922	ACTUAL RESULTS 1923‡	Prov. Est. 1924	FORECAST 1925	FORECAST 1926	FORECAST 1927	FORECAST 1928	
1	Exchange Revenues (500-506, Inclusive)		45 820	49 470	52 790	56 [illegible]	57 810	60 230	1
2	Toll Revenues (510-516, Inclusive)		7 850	8 540	9 390	10 010	10 590	11 [illegible]	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)		720	760	790	[illegible]	880	[illegible]	3
4	**Total Telephone Revenues**			[illegible]			[illegible]	79 910	4
	Operation—								
5	Traffic (621-635, Inclusive)			30				[illegible] 270	5
6	Commercial (640-650, Inclusive)						6	[illegible] 665	6
7	General and Miscellaneous (660-690, Inclusive)							[illegible]	7
8	Other Expenses (304, 330-334, Inclusive, 337, 341, 527)							[illegible]	8
9	**Total Operation**							[illegible]	9
	Current Maintenance —								
10	Ordinary Repairs (601-606 "R" codes and 610)							[illegible]	10
11	Rearrangements and Changes (601-606 "M" codes)								11
12	Station Removals and Changes (607)								12
13	**Total Current Maintenance**			30				[illegible]	13
14	Depreciation (340, 608, 609)							[illegible]	14
15	Taxes (305, 322)							[illegible]	15
16	**Total Telephone Expenses**							[illegible]	16
17	**Net Telephone Earnings**							[illegible]	17
18	Sundry Net Earnings (302, 310-316, Incl., minus 303, 320, 321, 323)								18
19	**Total Net Earnings**								19
20	Deduct Interest Expense (335, 336, 338, minus 339)				x x x	x x x	x x x	x x x	20
21	**Balance Net Profits**				x x x	x x x	x x x	x x x	21
22	Deduct Dividends (Common) (351-01)				x x x	x x x	x x x	x x x	22
23	(Preferred) (351-02)				x x x	x x x	x x x	x x x	23
24	**Total Dividends**				x x x	x x x	x x x	x x x	24
25	**Balance for Corporate Surplus**				x x x	x x x	x x x	x x x	25
26	Amount of Licensee Revenue—Dr. (522) incl. in line 8								26
	AVERAGE CAPITAL OBLIGATIONS:								
27	Capital Stock, Com. (150-01)				x x x	x x x	x x x	x x x	27
28	Capital Stock, Pref. (150-02)				x x x	x x x	x x x	x x x	28
29	Funded Debt (151)				x x x	x x x	x x x	x x x	29
30	Advances and Bills Payable (155-157)				x x x	x x x	x x x	x x x	30
31	**Total Average Capital Obligations**				x x x	x x x	x x x	x x x	31
32	% Net Telephone Earnings to Average Plant in Service	5.69 %	6.37 %	%	%	%	5.56 %	6.82 %	32
33	% Total Net Earnings to Average Capital Obligations	%	%	6.55 %	x x x	x x x	x x x	x x x	33
34	% Balance Net Profits (after Preferred Dividend) to Average Common Stock	%	%	11.06 %	x x x	x x x	x x x	x x x	34

‡ Last ..... months estimated

This includes $ for estimated changes in present rates

Includes estimated interest deductions to be paid A. T. & T. Co. $ 180,000.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages extended to two decimals.

Date Issued November 14, 1923

#Excludes Capital Stock Installments.

X-354
P.22
5364

43:3011

FORECAST OF EARNINGS AND EXPENSES
(COMPARED WITH RESULTS OF 1923-1924)

(Name of Company)

*PROVISIONAL — FORM S. R. 318 L — ESTIMATE 1926

STATEMENT E

SHEET 1

		ACTUAL RESULTS 1923	1924†	Prov. Est. 1925	FORECAST 1926	1927	1928	1929	
	EARNINGS AND EXPENSES								
1	Exchange Revenues (500-506, Inclusive)	46 505	48 740	52 910	57 550	60 440	63 400	66 770	1
2	Toll Revenues (510-516, Inclusive)	7 593	8 470	9 870	11 030	11 840	12 670	13 760	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	760	945	850	895	940	975	815	3
4	**Total Telephone Revenues**	53 958	59 055	63 630	69 475	73 220	76 945	81 345	4
5	Traffic Expenses (621-635, Inclusive)	16 940	17 300	18 950	20 080	20 370	21 620	22 740	5
6	Commercial Expenses (640-650, Inclusive)	5 538	6 245	6 725	7 195	7 545	7 885	8 225	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	1 371	1 460	1 560	1 645	1 725	1 805	1 880	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	2 751	3 010	3 395	3 575	3 865	4 055	4 280	8
9	**Total Operation Expenses**	26 600	28 015	30 630	32 595	33 505	35 365	37 125	9
10	Supervision of Maintenance (601)	716	1 000	1 090	1 150	1 230	1 290	1 345	10
11	Ordinary Repairs (602-606 "R" codes and 610)	4 330	4 730	5 130	5 400	5 750	6 045	6 265	11
12	Rearrangements and Changes (602-606 "M" codes)	1 482	1 510	1 730	1 850	1 970	2 075	2 150	12
13	Station Removals and Changes (607)	1 457	1 610	1 800	1 675	1 990	2 100	2 170	13
14	**Total Current Maintenance**	6 015	6 850	9 750	10 240	10 940	11 510	11 930	14
15	Depreciation (340, 608, 609)	6 883	7 285	8 300	9 210	9 900	10 710	11 490	15
16	Taxes (305, 322)	4 375	4 890	5 385	5 080	6 555	6 935	7 445	16
17	**Total Telephone Expenses**	45 873	49 040	54 065	56 165	60 900	64 520	67 990	17
18	**Net Telephone Earnings**	8 085	9 015	9 615	11 310	12 320	12 425	13 355	18
19	Sundry Net Earnings (302, 310-316, Incl., minus 303, 320, 321, 323)	1 017	315	475	340	460	400	380	19
20	**Total Net Earnings**	9 102	9 330	10 090	11 650	12 780	12 825	13 735	20
21	Deduct Interest (335, 336, 338, minus 339)	2 789	2 775	2 950	.....	.....	.....	.....	21
22	**Balance Net Profits**	6 313	7 055	7 140	.....	.....	.....	.....	22
23	Deduct Dividends (Common) (351-01)	4 804	5 402	5 600	.....	.....	.....	.....	23
24	(Preferred) (351-02)	-	-	-	.....	.....	.....	.....	24
25	**Total Dividends**	4 804	5 402	5 600	.....	.....	.....	.....	25
26	**Undivided Profits**	1 509	1 653	1 540	.....	.....	.....	.....	26
27	Amount of Licensee Revenue Dr. (527) incl. in Line 8	2 322	2 515	2 762	3 015	3 177	3 344	3 540	27
	AVERAGE CAPITAL OBLIGATIONS								
28	Capital Stock (Common) (150-01)	60 039	67 109	70 000	.....	.....	.....	.....	28
29	Capital Stock (Preferred) (150-02)	-	-	-	.....	.....	.....	.....	29
30	Capital Stock Installments (150-04)	2 816	2 478	3 542	.....	.....	.....	.....	30
31	Funded Debt (153)	43 193	49 790	49 380	.....	.....	.....	.....	31
32	Advances and Bills Payable (155, 157)	8 811	-	1 875	.....	.....	.....	.....	32
33	**Total Average Capital Obligations**	114 859	119 377	126 777	.....	.....	.....	.....	33
34	Net Telephone Earnings to Average Plant in Service	6.04 %	6.03 %	5.71 %	6.05 %	6.13 %	5.75 %	5.75 %	34
35	Total Net Earnings to Average Capital Obligations	7.92 %	8.23 %	8.09 %	.....	.....	.....	.....	35
36	Balance Net Profits (after Preferred Div.) to Average Common Stock	10.51 %	10.51 %	10.20 %	.....	.....	.....	.....	36

37 Annual Value of Rate Changes to be made during the year: Exchange 1925 $ 220 1926 $ 2,000 ; Toll 1925 $ 0 1926 $ 500

38 Cumulative Effective Value of 1925 and 1926 Rate Changes included in: Line 1—1925 $ 189 1926 $ 1,252 ; Line 2—1925 $ 0 1926 $ 375

†...8... months estimated.

*Includes estimated Interest Deductions to be paid A. T. & T. Co. $ 352

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages extended to two decimals.

Date Issued November 12, 1924

X-354
P.25

X-35TP,27

FORM S. H. 316 M
PROVISIONAL ESTIMATE
STATEMENT F

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

PROVISIONAL FINANCIAL PLAN—1925[1]

REQUIREMENTS					
Gross Additions to Plant (incl. Int. during Const.)	$ 26,500,000				1
Plus Cost of Removing Plant	570,000				2
Less Salvage (incl. gross wiring gain)	3,300,000	$ 23,770,000			3
Extraordinary Repairs (Net)		196,000			4
General Equipment (Gross less Net Salvage)		416,000			5
Total for Plant and Equipment				$ 24,381,000	6
Stocks—to Increase Percent of Control (106)[2]		$ 0			7
Other Investment Securities (106-109)[2]		0			8
Advances and Bills Receivable (new loans) (110, 117)[2] (Except to A. T. & T. Co.)		0			9
Miscellaneous Investments, Increase (111) (Excludes transfers from and to Accounts 211 & 212)		0			10
Total for Investments and Advances				$ 0	11
Cash and Marketable Securities, Increase (113, 114, 116)[2]		$ 20,000			12
Accounts Receivable, Increase (115, 118, 119, 120, 123) (Except loans on open account to A. T. & T. Co.)		565,000			13
Materials and Supplies, Increase (122-01-02 and 03)		0			14
Total for Increased Current Assets				$ 345,000	15
Prepayments, Increase (129-133)				18,000	16
Obligations maturing or expected to pay (153, 155, 157, 163)[2] (Except to A. T. & T. Co.)				20,000	17
Sinking Funds				500,000	18
Purchase of Going or Completed Plant—From Bell Operating Companies[2]				8,000	19
Purchase of Going or Completed Plant—From Other Companies[2]				1,418,000	20
Miscellaneous Debit Items[2]				100,000	21
GRAND TOTAL REQUIREMENTS				$ 26,500,000	22
RESOURCES					
Undivided Profits				$ 1,860,000	23
Charges to Income, etc., not payable in cash in current year:					
Wiring Loss (Net)	$ 755,000				24
Amortization of Debt Discount and Expense (338)	125,000				25
Accrued Liabilities not Due, Increase (166, 167)	470,000				26
Matured Interest and Dividends Unpaid, Increase (162)	0	$ 1,350,000			27
Less Credits to Income, etc., not receivable in cash in current year:					
Accrued Income not Due, Increase (124)	$ 0				28
Matured Interest and Dividends Rec., Increase (121)	0	$ 0			29
Net Charges or Credits to Income, etc., not payable or receivable in cash in current year				$ 1,350,000	30
Depreciation & Amortization (340, 608 & 609) & depreciation charged Clear'g Accts. (701-2-3 & 4)				8,500,000	31
Investment Securities Sold[2] (Except to A. T. & T. Co.)				0	32
Advances and Bills Receivable Maturing—from Others[2]				8,000	33
Increased Current Liabilities (158, 159, 160, 161, 164, 165) (Except loans from A. T. & T. Co.)				393,000	34
Sale of Going or Completed Plant—To Bell Operating Companies[2]				72,000	35
Sale of Going or Completed Plant—To Other Companies[2]				0	36
Miscellaneous Credit Items[2]				2,000	37
GRAND TOTAL RESOURCES				$ 11,153,000	38
BALANCE NET REQUIREMENTS				$ 15,429,000	39
FINANCING PROPOSED FOR ABOVE NET REQUIREMENTS					
Stocks and Bonds of Co. sold Others[2]	$ 102,000	Stocks & Bonds of Co. sold A. T. & T. Co.		$ 9,998,000	40
Borrowed from Bankers and Others[2]	0	Investment Securities sold A. T. & T. Co.[2]		0	41
Other[2]	0	Reduction of Loans to A. T. & T. Co.		1,829,000	42
		Loans from A. T. & T. Co. (Net)		3,600,000	43
Total Financing from Others	$ 102,000	Net Financing from A. T. & T. Co.		$ 15,327,000	44
		GRAND TOTAL FINANCING		$ 15,429,000	45

[1] Amounts to agree with those shown on page [illegible] Other Data.

[2] Specify detail on reverse side of sheet or in Supplementary Statement.

Date issued November 18, 1924

5366

FORM S. R. 316 M
PROVISIONAL ESTIMATE 1926

FORECAST OF EARNINGS AND EXPENSES
(COMPARED WITH RESULTS OF 1924-1926)

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1926-1930)	ACTUAL RESULTS 1924	ACTUAL RESULTS 1925†	Prov. Est. 1926	FORECAST 1927	FORECAST 1928	FORECAST 1929	FORECAST 1930	
1	Exchange Revenues (500-506, Inclusive)	48 833	52 100	55 350	58 100	60 650	63 200	65 700	1
2	Toll Revenues (510-516, Inclusive)	8 620	10 090	11 480	12 620	14 110	15 570	17 140	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	859	915	915	965	1 015	1 065	1 120	3
4	**Total Telephone Revenues**	58 312	63 105	67 745	71 685	75 775	79 835	83 960	4
5	Traffic Expenses (621-635, Inclusive)	17 859	18 010	19 040	18 820	19 250	19 400	19 780	5
6	Commercial Expenses (640-650, Inclusive)	6 282	6 640	7 080	7 470	7 870	8 320	8 780	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	1 486	1 500	1 600	1 690	1 765	1 840	1 915	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	3 135	3 610	3 805	4 025	4 220	4 420	4 620	8
9	**Total Operation Expenses**	28 210	29 760	31 525	31 705	33 105	33 980	35 095	9
10	Supervision of Maintenance (601)	962	1 020	1 030	1 120	1 170	1 220	1 260	10
11	Ordinary Repairs (602-606 "R" codes)	4 685	4 720	5 280	5 410	5 690	5 940	6 230	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	1 495	1 700	1 890	2 000	2 130	2 230	2 350	12
13	Station Removals and Changes (607)	1 642	1 820	1 980	2 090	2 170	2 250	2 340	13
14	**Total Current Maintenance**	8 782	9 260	10 180	10 620	11 160	11 640	12 180	14
15	Depreciation (340, 608, 609)	7 225	8 200	9 320	10 350	11 200	12 100	13 050	15
16	Taxes (305, 322)	4 890	5 490	5 930	6 600	7 120	7 700	8 275	16
17	**Total Telephone Expenses**	49 105	52 710	56 955	59 275	62 585	65 420	68 550	17
18	**Net Telephone Earnings**	9 207	10 395	10 790	12 410	13 190	14 418	15 410	18
19	Sundry Net Earnings (302, 310-316, Incl., minus 303, 320, 321, 323)	806	515	430	410	460	510	570	19
20	**Total Net Earnings**	10 012	10 910	11 220	12 820	13 650	14 925	15 980	20
21	Deduct Interest (335, 336, 338, minus 339)	2 774	2 945	3 265	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**	7 238	7 965	7 955	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)	-	-	-	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)	5 402	5 600	6 400	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**	5 402	5 600	6 400	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**	1 836	2 365	1 555	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	2 513	2 718	2 912	3 082	3 256	3 438	3 620	27
	AVERAGE CAPITAL OBLIGATIONS								
28	Capital Stock (Common) (150-01)	67 109	70 417	80 000	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Capital Stock (Preferred) (150-02)	-	-	-	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	29
30	Capital Stock Installments (150-04)	2 478	2 707	7 000	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	30
31	Funded Debt (153)	49 794	49 418	48 856	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	31
32	Advances and Bills Payable (155, 157)	-	1 785	3 817	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	32
33	**Total Average Capital Obligations**	119 381	124 325	139 573	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	33
34	Net Telephone Earnings to Average Plant in Service	8.18%	8.20%	8.69%	8.92%	8.81%	8.91%	8.81%	34
35	Balance Net Profits (after Preferred Div.) to Average Common Stock	10.79%	11.31%	9.94%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	35
36	Cumulative Effective Revenue Value of Rate Changes	xxxx xxx	-	125	550	2 795	2 950	3 105	36
37	Additional Net Tel. Earnings from Rate Changes in Line 36	xxxx xxx	-	102	486	2 270	2 397	2 523	37
38	Net Tel. Earn. (Incl. Effect of Rate Changes) to Average Plant in Service	xxxx xxx	8.20%	8.74%	8.14%	8.81%	8.89%	8.81%	38
39	al. Net Prof. Incl. Effect of Rate Changes (after Pfd. Div.) to Av. Com. Stock	xxxx xxx	11.31%	10.07%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	39

...ast.....months estimated.

‡ Do not include rate changes already granted and included in lines 1 to 35 incl.

Date Issued November 12, 1923

* Includes estimated Interest Deductions to be paid A. T. & T. Co. $ 700

Show money value to nearest thousand dollars, omitting last three digits.

Show percentages extended to two decimals.

E-1

* indicates red figures

FORM S. R. 516 N
PROVISIONAL ESTIMATE
STATEMENT F

X-354
P.31

(Name of Company)

PROVISIONAL FINANCIAL PLAN—1938[1]

REQUIREMENTS				
Gross Additions to Plant (incl. Int. during Const.)	$29 000 00			1
Plus Cost of Removing Plant	750 000			2
Less Salvage (incl. gross wiring gain)	3 650 000	$ 26 100 000		3
Extraordinary Repairs (Net)		210 000		4
General Equipment (Gross less Net Salvage)		540 000		5
Total for Plant and Equipment			$ 26 850 000	6
Stocks—to Increase Percent of Control (106)[2]		$		7
Other Investment Securities (106-109)[2]				8
Advances and Bills Receivable (new loans) (110, 117)[2] (Except to A. T. & T. Co.)				9
Miscellaneous Investments, Increase (111) (Excludes transfers from and to Accounts 211 & 212.)				10
Total for Investments and Advances			$	11
Cash and Marketable Securities, Increase (113, 114, 116)[2]		$ *160 000		12
Accounts Receivable, Increase (115, 118, 119, 120, 123) (Except loans on open account to A. T. & T. Co.)		375 000		13
Materials and Supplies, Increase (122-01-02 and 03)				14
Total for Increased Current Assets			$ 215 000	15
Prepayments, Increase (129-133)			10 000	16
Obligations maturing or expected to pay (153, 155, 157, 163)[2] (Except to A. T. & T. Co.)			156 000	17
Sinking Funds			500 000	18
Purchase of Going or Completed Plant—From Bell Operating Companies[2]			66 000	19
Purchase of Going or Completed Plant—From Other Companies[2]			1 150 000	20
Miscellaneous Debit Items[2]			* 25 000	21
GRAND TOTAL REQUIREMENTS			$ 28 922 000	22
RESOURCES				
Undivided Profits (Under Existing and Expected Rates)	$ 1 555 000	$ 103 000	$ 1 658 000	23
Charges to Income, etc., not payable in cash in current year:				
Wiring Loss (Net)	$ 1 100 000			24
Amortization of Debt Discount and Expense (338)	120 000			25
Accrued Liabilities not Due, Increase (166, 167)	500 000			26
Matured Interest and Dividends Unpaid, Increase (162)		$ 1 720 000		27
Less Credits to Income, etc., not receivable in cash in current year:				
Accrued Income not Due, Increase (124)	$			28
Matured Interest and Dividends Rec., Increase (121)		$		29
Net Charges or Credits to Income, etc., not payable or receivable in cash in current year			$ 720 000	30
Depreciation & Amortization (340, 608 & 609) & depreciation charged Clear'g Accts. (701-2-3 & 4)			8 640 000	31
Investment Securities Sold[2] (Except to A. T. & T. Co.)			-	32
Advances and Bills Receivable Maturing—from Others[2]			29 000	33
Increased Current Liabilities (158, 159, 160, 161, 164, 165) (Except loans from A. T. & T. Co.)			* 248 000	34
Sale of Going or Completed Plant—To Bell Operating Companies[2]			123 000	35
Sale of Going or Completed Plant—To Other Companies[2]				36
Miscellaneous Credit Items[2]			10 000	37
GRAND TOTAL RESOURCES			$ 12 932 000	38
BALANCE NET REQUIREMENTS			$ 15 990 000	39

FINANCING PROPOSED FOR ABOVE NET REQUIREMENTS				
Stocks and Bonds of Co. sold Others[2]	$ 188 000	Stocks & Bonds of Co. sold A. T. & T. Co.	$ 12 812 000	40
Borrowed from Bankers and Others[2]		Investment Securities sold A. T. & T. Co.[2]		41
Other[2]	190 000	Reduction of Loans to A. T. & T. Co.		42
		Loans from A. T. & T. Co. (Net)	* 2 200 000	43
Total Financing from Others	$ 328 000	Net Financing from A. T. & T. Co.	$	44
		GRAND TOTAL FINANCING	$	45

1. Show amounts to nearest thousand dollars, but show last three digits.
2. Specify detail on reverse side of report (or on Supplementary Statement).

Date Issued

5368

4-39

Printed in U. S. A.

FORM E. R. 248 B
PROVISIONAL ESTIMATE 1927

ESTIMATED EARNINGS A EXPENSES
COMPARED WITH RESULTS OF 1925-1926)

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1927-1931)	Actual Results 1925	Actual Results 1926†	PROV. EST. 1927	Forecast 1928	Forecast 1929	Forecast 1930	Forecast 1931	
1	Exchange Revenues (500-506, Inclusive)	52 425	56 250	59 670	63 150	66 010	68 930	71 830	1
2	Toll Revenues (510-516, Inclusive)	10 505	12 160	13 960	15 910	17 540	19 270	21 060	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	945	930	990	1 050	1 100	1 160	1 210	3
4	**Total Telephone Revenues**	63 673	69 340	74 620	80 090	84 650	89 360	94 100	4
5	Traffic Expenses (621-635, Inclusive)	18 227	19 350	19 780	19 860	19 900	20 210	20 860	5
6	Commercial Expenses (640-650, Inclusive)	6 516	6 900	7 380	7 820	8 200	8 590	9 070	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	1 [illegible]	1 [illegible]	1 [illegible]	1 940	1 925	2 005	2 090	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1 625	[illegible]	8
9	**Total Operation Expenses**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9
10	Supervision of Maintenance (601)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10
11	Ordinary Repairs (602-606 "R" codes)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12
13	Station Removals and Changes (607)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13
14	**Total Current Maintenance**	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14
15	Depreciation (340, 608, 609)								15
16	Taxes (305, 322)								16
17	**Total Telephone Expenses**								17
18	**Net Telephone Earnings**								18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)								19
20	**Total Net Earnings**								20
21	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8								27
	AVERAGE CAPITAL OBLIGATIONS								
28	Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Capital Stock (Preferred) (150-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	29
30	Capital Stock Installments (150-04)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	30
31	Funded Debt (153)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	31
32	Advances and Bills Payable (155, 157)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	32
33	**Total Average Capital Obligations**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	33
34	Net Telephone Earnings to Average Plant in Service	%	%	%	%	%	%	%	34
35	Balance Net Profits (after Preferred Div.) to Average Common Stock	%	%	%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	35
36	Cumulative Effective Revenue Value of Rate Changes‡	xxxx xxx							36
37	Additional Net Tel. Earnings from Rate Changes in Line 36‡	xxxx xxx							37
38	Net Tel. Earn. (Incl. Effect of Rate Changes) to Average Plant in Service	xxxx xxx	%	%	%	%	%	%	38
39	Net Prof. Incl. Effect of Rate Changes (after Pfd. Div.) to Av. Com. Stock	xxxx xxx	%	%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	39

†Last.....months estimated.

‡Do not include rate changes already granted and included in lines 1 to 35 incl.

*Includes estimated Interest Deductions to be paid A. T. & T. Co. 8.....

Show money value to nearest thousand dollars, omitting last three digits.

Show percentages extended to two decimals.

Date Issued.....

E-1

X-357
P.33

5369

Printed in U. S. A.

FORM S. R. 315-O
PROVISIONAL ESTIMATE 1928
STATEMENT E
SHEET 1

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1926-27

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

	EARNINGS AND EXPENSES (Under Existing Rates for 1928-1932)	Actual Results 1926	Actual Results 1927†	PROV. EST. 1928	Forecast 1929	Forecast 1930	Forecast 1931	Forecast 1932	
1	Exchange Revenues (500-506, Inclusive)			64 370					1
2	Toll Revenues (510-516, Inclusive)			15 980					2
3	Miscellaneous Operating Revenues (520-526, Inclusive)			1 130					3
4	**Total Telephone Revenues**			81 480					4
5	Traffic Expenses (621-635, Inclusive)			19 880					5
6	Commercial Expenses (640-650, Inclusive)			8 100					6
7	General and Miscellaneous Expenses (660-690, Inclusive)			2 660					7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)			2 990					8
9	**Total Operation Expenses**			33 650					9
10	Supervision of Maintenance (601)			1 435					10
11	Ordinary Repairs (602-606 "R" codes)			7 060					11
12	Rearrangements and Changes (602-606 "M" codes, and 610)			2 969					12
13	Station Removals and Changes (607)			2 423					13
14	**Total Current Maintenance**			13 885					14
15	Depreciation (340, 608, 609)			11 800					15
16	Taxes (305, 322)			8 815					16
17	**Total Telephone Expenses**			68 130					17
18	**Net Telephone Earnings**			13 350					18
19	Sundry Net Earnings (302, 310-316, Incl), minus (303, 320, 321, 323)			610					19
20	**Total Net Earnings**			13 960					20
21	Deduct Interest (335, 336, 338, minus 339)			3 145	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**			10 815	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends —(Preferred) (351-02)			-	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)			8 800	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**			8 800	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**			2 015	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8			1 570					27
28	Average Capital Stock (Common) (150-01)			110 000	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	%	%	5.66 %	%	%	%	%	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock	%	%	9.83 %	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	30
31	Cumulative Effective Revenue Value of Rate Changes‡	xxxx xxx		139					31
32	Additional Net Tel. Earnings from Rate Changes in Line 31	xxxx xxx		116					32
33	Net Tel. Earn. (Incl. Effect of Rate Changes) to Average Plant in Service	xxxx xxx	%	5.71 %	%	%	%	%	33
34	Net Prof. Incl. Effect of Rate Changes (after Pfd. Div.) to Av. Com. Stock	xxxx xxx	%	9.94 %	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	34

†Last months estimated.
‡Do not include rate changes already granted and included in lines 1 to 30 incl.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.

Date Issued (Revised) March 1, 1928.

E-1

P.38

...ted in U S A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1926-27

ILLINOIS BELL TELEPHONE COMPANY

(Name of Company)

FORM A. E. 315-B
PROVISIONAL ESTIMATE 1928
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1928-1932)	Actual Results 1926	Actual Results 1927†	Prov. Est. 1928	Forecast 1929	Forecast 1930	Forecast 1931	Forecast 1932	
1	Exchange Revenues (500-506, Inclusive)	5[illegible] 86[illegible]	60 45[illegible]	64 37[illegible]	66 25[illegible]	72 01[illegible]	78 54[illegible]	78 18[illegible]	1
2	Toll Revenues (510-516, Inclusive)	12 36[illegible]	14 28[illegible]	15 96[illegible]	17 77[illegible]	19 86[illegible]	21 92[illegible]	24 08[illegible]	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	94[illegible]	88[illegible]	1 15[illegible]	1 21[illegible]	1 27[illegible]	1 32[illegible]	1 38[illegible]	3
4	**Total Telephone Revenues**	69 87[illegible]	75 60[illegible]	81 48[illegible]	87 23[illegible]	93 14[illegible]	96 78[illegible]	104 61[illegible]	4
5	Traffic Expenses (621-635, Inclusive)	19 22[illegible]	19 10[illegible]	19 88[illegible]	20 02[illegible]	19 90[illegible]	20 34[illegible]	21 14[illegible]	5
6	Commercial Expenses (640-650, Inclusive)	6 90[illegible]	7 85[illegible]	6 10[illegible]	6 60[illegible]	5 03[illegible]	5 48[illegible]	5 95[illegible]	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	1 61[illegible]	1 72[illegible]	1 84[illegible]	1 95[illegible]	2 08[illegible]	2 15[illegible]	2 24[illegible]	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	3 60[illegible]	4 24[illegible]	4 86[illegible]	4 89[illegible]	5 24[illegible]	5 88[illegible]	5 92[illegible]	8
9	**Total Operation Expenses**	31 35[illegible]	33 61[illegible]	34 38[illegible]	36 47[illegible]	36 22[illegible]	37 86[illegible]	39 25[illegible]	9
10	Supervision of Maintenance (601)	1 27[illegible]	1 39[illegible]	1 45[illegible]	1 51[illegible]	1 58[illegible]	1 64[illegible]	1 71[illegible]	10
11	Ordinary Repairs (602-606 "R" codes)	6 44[illegible]	6 00[illegible]	6 78[illegible]	3 31[illegible]	3 90[illegible]	4 41[illegible]	4 89[illegible]	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	2 45[illegible]	2 64[illegible]	2 96[illegible]	2 75[illegible]	2 74[illegible]	2 92[illegible]	3 10[illegible]	12
13	Station Removals and Changes (607)	1 98[illegible]	2 28[illegible]	2 42[illegible]	2 65[illegible]	2 67[illegible]	2 78[illegible]	2 89[illegible]	13
14	**Total Current Maintenance**	12 14[illegible]	12 31[illegible]	13 61[illegible]	14 02[illegible]	14 90[illegible]	15 77[illegible]	16 61[illegible]	14
15	Depreciation (340, 608, 609)	9 29[illegible]	10 38[illegible]	11 86[illegible]	12 95[illegible]	14 02[illegible]	15 06[illegible]	16 10[illegible]	15
16	Taxes (305, 322)	6 57[illegible]	7 68[illegible]	8 80[illegible]	9 85[illegible]	10 76[illegible]	11 62[illegible]	12 38[illegible]	16
17	**Total Telephone Expenses**	58 36[illegible]	62 89[illegible]	68 38[illegible]	72 99[illegible]	75 90[illegible]	80 00[illegible]	84 32[illegible]	17
18	**Net Telephone Earnings**	11 51[illegible]	12 71[illegible]	13 10[illegible]	14 85[illegible]	17 23[illegible]	16 78[illegible]	20 28[illegible]	18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)	41[illegible]	68[illegible]	64[illegible]	61[illegible]	57[illegible]	61[illegible]	68[illegible]	19
20	**Total Net Earnings**	11 92[illegible]	13 39[illegible]	13 74[illegible]	15 44[illegible]	17 80[illegible]	19 39[illegible]	20 96[illegible]	20
21	Deduct Interest (335, 336, 338, minus 339)	5 06[illegible]	5 66[illegible]	2 97[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**	6 87[illegible]	7 70[illegible]	10 77[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends –(Preferred) (351-02)	-	-	-	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	– (Common) (351-01)	6 40[illegible]	7 00[illegible]	8 00[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**	6 40[illegible]	7 00[illegible]	8 00[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**	47[illegible]	70[illegible]	1 97[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue –Dr. (527) incl. in Line 8	2 68[illegible]	2 91[illegible]	3 14[illegible]	3 36[illegible]	3 60[illegible]	3 80[illegible]	4 05[illegible]	27
28	Average Capital Stock (Common) (150-01)	80 60[illegible]	88 78[illegible]	110 00[illegible]	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	6.15%	6.12%	5.64%	5.76%	6.18%	6.30 %	6.39%	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock	11.09%	10.93%	9.79%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	30
31	Cumulative-Effective Revenue Value of Rate Changes	xxxx xxx	27[illegible]	13[illegible]	18[illegible]	27[illegible]	28[illegible]	29[illegible]	31
32	Additional Net Tel. Earnings from Rate Changes in Line 31	xxxx xxx	22[illegible]	11[illegible]	16[illegible]	22[illegible]	23[illegible]	24[illegible]	32
33	Net Tel. Earn. (Incl. Effect of Rate Changes) to Average Plant in Service	xxxx xxx	6.15%	5.69%	5.81 %	6.25%	6.38 %	6.47%	33
34	Bal. Net Prof. Incl. Effect of Rate Changes (after Pfd. Div.) to Av. Com. Stock	xxxx xxx	10.95%	9.90%	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	34

†Last 3 months estimated.
‡Do not include rate changes already granted and included in lines 1 to 30 incl.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.

Date Issued November 1, 1927

E-1

V. 554
P. 39

5371

X-354 p 42

* indicates red figures

FORM S. N. 216-G
PROVISIONAL ESTIMATE
STATEMENT F

ILLINOIS BELL TELEPHONE COMPANY
Name of Company

PROVISIONAL FINANCIAL PLAN—YEAR 19 28

	REQUIREMENTS				
1	Gross Additions to Plant (incl. Int. during Const.)	$ 38,000,000			1
–	*Plus* Cost of Removing Plant	700,000			2
3	*Less* Salvage (incl. gross wiring gain)	5,800,000	$ 32,900,000		3
4	Extraordinary Repairs (Net)		250,000		4
5	General Equipment (Gross less Net Salvage)		920,000		5
6	Total for Plant and Equipment			$ 34,070,000	6
7	Stocks—to Increase Per Cent of Control (106)[1]		$ * 460,000		7
8	Other Investment Securities, Increase (106-109)[1]		* 210,000		8
9	Advances and Bills Receivable, Increase (110-117)[1] (Except to A. T. & T. Co.)		–		9
10	Miscellaneous Investments, Increase (111) (Excl. sales of bldgs. if salv. is incl. in Line 3. Excl. trans. from Accts. 211 & 212)		–		10
11	Total for Investments and Advances			$ 240,000	11
12	Cash and Marketable Securities, Increase (113, 114, 116)[1]		$ 25,000		12
13	Accounts Receivable, Increase (115, 118, 119, 120, 121, 123) (Except loans on open account to A. T. & T. Co.)		470,000		13
14	Materials and Supplies, Increase (122 less 122-10)		–		14
15	Total for Increased Current Assets			$ 495,000	15
16	Accrued Income Not Due, Increase (124)			–	16
17	Prepayments, Increase (129-133)			20,000	17
18	Obligations maturing or expected to be paid (153, 155, 157, 163)[1] (Except to A. T. & T. Co.)			38,000	18
19	Sinking Funds			500,000	19
20	Purchase of Plant—From Bell Operating Companies[2]			193,000	20
21	Purchase of Plant—From Other Companies[2]			1,540,000	21
22	Miscellaneous Debit Items[2]			–	22
23	**GRAND TOTAL REQUIREMENTS**			$ 37,096,000	23
	RESOURCES				
24	Undivided Profits			$ 1,970,000	24
25	Wiring Loss (Net)			1,350,000	25
26	Amortization of Debt Discount and Expense (338)			125,000	26
27	Accrued Liabilities not Due, Increase (166, 167)			1,145,000	27
28	Depreciat'n & Amortizat'n (340, 608, 609, 674) & depreciation charged Clear'g Accts. (701-2-3 & 4)			11,990,000	28
29	Increased Current Liabilities (158, 159, 160, 161, 162, 164, 165) (Except loans from A. T. & T. Co.)			* 146,000	29
30	Sale of Plant—To Bell Operating Companies[2]			47,000	30
31	Sale of Plant—To Other Companies[2]			–	31
32	Miscellaneous Credit Items[2]			1,025,000	32
33	**GRAND TOTAL RESOURCES**			$ 17,506,000	33
34	**BALANCE NET REQUIREMENTS**			$ 19,590,000	34
	FINANCING PROPOSED FOR ABOVE NET REQUIREMENTS				
35	Stocks and Bonds of Co. sold Others[2]	$ –	Stocks and Bonds of Co. sold A. T. & T. Co.	$ –	35
36	Borrowed from Bankers and Others[2]	–	Investment Securities sold A. T. & T. Co.[2]	–	36
37	Other[2]	190,000	Loans from A. T. & T. Co. (Net)	* 19,400,000	37
38	Total Financing from Others	$ 190,000	Net Financing from A. T. & T. Co.	$ 19,400,000	38
39			**GRAND TOTAL FINANCING**	$ 19,590,000	39

1. Show amounts to nearest thousand dollars, but show last three digits.
2. Specify detail on Supplementary Statement.

* Funds with A.T. & T. Company as of December 31, 1927 – $ 4,250,000
Advances Payable to A.T. & T. Company December 31, 1928 – 15,150,000
Total $ 19,400,000

Date Issued November 1, 1927

Printed in U. S. A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1927-28

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

FORM S. R. 315-F
PROVISIONAL ESTIMATE 1929
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1929-1933)	Actual Results 1927	Actual Results 1928†	PROV. EST. 1929	Forecast 1930	Forecast 1931	Forecast 1932	Forecast 1933	
1	Exchange Revenues (500-506, Inclusive)	60 590	64 435	67 960	71 580	74 985	78 390	81 855	1
2	Toll Revenues (510-516, Inclusive)	14 236	16 505	20 330	22 910	25 270	27 695	30 230	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	888	1 130	1 340	1 405	1 560	1 775	1 940	3
4	**Total Telephone Revenues**	75 714	82 070	89 630	95 895	101 815	107 860	114 005	4
5	Traffic Expenses (621-635, Inclusive)	19 007	20 250	22 680	23 160	23 820	24 840	25 580	5
6	Commercial Expenses (640-650, Inclusive)	7 626	8 315	8 815	9 350	9 850	10 275	10 725	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	2 456	2 770	2 945	3 075	3 225	3 395	3 555	7
8	Other Oper. Expenses (304, 330-334, Inclusive. 337, 341, 527)	4 209	3 025	3 270	3 460	3 630	3 825	4 040	8
9	**Total Operation Expenses**	33 298	34 360	37 710	39 045	40 525	42 335	43 900	9
10	Supervision of Maintenance (601)	1 373	1 540	1 680	1 840	1 950	2 045	2 140	10
11	Ordinary Repairs (602-606 "R" codes)	6 119	6 815	7 425	7 975	8 505	8 995	9 510	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	2 659	3 085	3 025	3 035	3 155	3 265	3 440	12
13	Station Removals and Changes (607)	2 350	2 520	2 770	2 965	3 150	3 345	3 530	13
14	**Total Current Maintenance**	12 501	13 960	14 900	15 815	16 760	17 650	18 620	14
15	Depreciation (340, 608, 609)	10 264	11 550	12 850	13 980	14 915	15 890	16 875	15
16	Taxes (305, 322)	7 411	8 055	8 995	9 940	10 890	11 380	12 025	16
17	**Total Telephone Expenses**	63 474	67 905	74 455	78 780	83 090	87 255	91 420	17
18	**Net Telephone Earnings**	12 240	14 165	15 195	17 115	18 725	20 605	22 585	18
19	Sundry Net Earnings (302, 310-316, Incl.) minus (303, 320, 321, 323)	638	580	500	415	445	460	595	19
20	**Total Net Earnings**	12 878	14 745	15 695	17 530	19 170	21 065	23 180	20
21	Deduct Interest (335, 336, 338, minus 339)	3 671	3 045	4 160	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**	9 207	11 700	11 535	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)	–	–	–	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)	7 000	8 800	8 800	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**	7 000	8 800	8 800	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**	2 207	2 900	2 735	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	2 921	1 570	1 710	1 855	1 940	2 060	2 175	27
28	Average Capital Stock (Common) (150-01)	88 750	110 000	110 000	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	5.92 %	6.16 %	6.93 %	6.14 %	6.31 %	6.52 %	6.73 %	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock	10.37 %	10.64 %	10.49 %	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	30

†Last 3 months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.

E-1

A-3554
8-45

Date Issued NOVEMBER 1, 1928.

Printed in U. S. A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1927-28

ILLINOIS BELL TELEPHONE COMPANY
CHICAGO AREA
(Name of Company)

FORM A. T. 315-P
PROVISIONAL ESTIMATE 1929
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1929-1933)	Actual Results 1927	Actual Results 1928†	PROV. EST. 1929	Forecast 1930	Forecast 1931	Forecast 1932	Forecast 1933	
1	Exchange Revenues (500-506, Inclusive)	47 392	50 015	52 520	55 160	57 610	60 060	62 550	1
2	Toll Revenues (510-516, Inclusive)	5 829	7 145	10 130	11 670	13 060	14 525	16 100	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	718	865	1 050	1 070	1 200	1 370	1 510	3
4	**Total Telephone Revenues**	53 939	58 025	63 700	67 900	71 870	75 955	80 160	4
5	Traffic Expenses (621-635, Inclusive)	14 044	14 930	16 955	17 305	17 790	18 585	19 160	5
6	Commercial Expenses (640-650, Inclusive)	5 708	6 220	6 540	6 910	7 290	7 590	7 920	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	1 806	2 100	2 235	2 335	2 445	2 575	2 695	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	2 601	1 765	1 920	2 055	2 140	2 250	2 395	8
9	**Total Operation Expenses**	24 153	25 015	27 650	28 385	29 665	31 000	32 170	9
10	Supervision of Maintenance (601)	908	980	1 010	1 070	1 130	1 190	1 250	10
11	Ordinary Repairs (602-606 "R" codes)	4 501	5 050	5 540	5 940	6 308	6 720	7 130	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	1 924	2 300	2 215	2 190	2 260	2 340	2 470	12
13	Station Removals and Changes (607)	1 933	2 100	2 285	2 440	2 590	2 750	2 910	13
14	**Total Current Maintenance**	9 260	10 430	11 050	11 640	12 280	13 000	13 760	14
15	Depreciation (340, 608, 609)	6 856	7 660	8 550	9 270	9 810	10 420	11 050	15
16	Taxes (305, 322)	6 068	6 400	7 190	7 815	8 630	8 950	9 430	16
17	**Total Telephone Expenses**	46 337	49 505	54 440	57 410	60 385	63 370	66 410	17
18	**Net Telephone Earnings**	7 602	8 520	9 260	10 490	11 485	12 585	13 750	18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)								19
20	**Total Net Earnings**								20
21	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licenses Revenue—Dr. (527) incl. in Line 8	2 086	1 110	1 215	1 300	1 370	1 450	1 530	27
28	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	5.28%	5.36%	5.24%	5.50%	5.71%	5.90%	6.08%	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock.	%	%	%	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	30

†Last 3 months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.

E-1

Date Issued November 12, 1928.

Printed in U. S. A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1927-28

ILLINOIS BELL TELEPHONE COMPANY - STATE AREA
(Name of Company)

FORM E. R. 313-F
PROVISIONAL ESTIMATE 1929
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES (Under Existing Rates for 1929-1933)	Actual Results 1927	Actual Results 1928†	PROV. EST. 1929	Forecast 1930	Forecast 1931	Forecast 1932	Forecast 1933	
1	Exchange Revenues (500-506, Inclusive)	13 198	14 420	15 440	16 420	17 375	18 330	19 285	1
2	Toll Revenues (510-516, Inclusive)	8 407	9 360	10 200	11 240	12 210	13 170	14 130	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	170	265	290	335	360	405	430	3
4	**Total Telephone Revenues**	21 775	24 045	25 930	27 995	29 945	31 905	33 845	4
5	Traffic Expenses (621-635, Inclusive)	4 963	5 320	5 725	5 855	6 030	6 255	6 420	5
6	Commercial Expenses (640-650, Inclusive)	1 924	2 095	2 275	2 440	2 560	2 685	2 805	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	650	670	710	740	780	820	860	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	1 608	1 260	1 350	1 425	1 490	1 575	1 645	8
9	**Total Operating Expenses**	9 145	9 345	10 060	10 460	10 860	11 335	11 730	9
10	Supervision of Maintenance (601)	471	560	670	770	820	855	890	10
11	Ordinary Repairs (602-606 "R" codes)	1 618	1 765	1 885	2 035	2 205	2 275	2 380	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	735	785	810	845	895	925	970	12
13	Station Removals and Changes (607)	417	420	485	525	560	595	620	13
14	**Total Current Maintenance**	3 241	3 530	3 850	4 175	4 480	4 650	4 860	14
15	Depreciation (340, 608, 609)	3 408	3 870	4 280	4 710	5 105	5 470	5 825	15
16	Taxes (305, 322)	1 343	1 655	1 805	2 025	2 260	2 430	2 595	16
17	**Total Telephone Expenses**	17 137	18 400	19 995	21 370	22 705	23 885	25 010	17
18	**Net Telephone Earnings**	4 638	5 645	5 935	6 625	7 240	8 020	8 835	18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)								19
20	**Total Net Earnings**								20
21	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	835	460	495	535	570	610	645	27
28	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	7.41%	7.97%	7.46%	7.54%	7.59%	7.83%	8.10%	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock	%	%	%	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	30

†Last 3 months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.

Date Issued November 1 1928

STATE

E-1

Printed in U.S.A.

* indicates red figures

FORM S. H. 216-B
PROVISIONAL ESTIMATE
STATEMENT F

1-354
P. 48

ILLINOIS BELL TELEPHONE COMPANY

(Name of Company)

ESTIMATE OF CASH REQUIREMENTS[1]—YEAR 19 29

REQUIREMENTS				
Gross Construction (Plant and General Equipment)	$ 41,835,000			1
Purchases of Plant and General Equipment[2]	50,000	$ 41,885,000		2
Less Plant and General Equip. Removed or Abandoned	$ 17,825,000			3
" Plant and General Equipment Sold[2]	-	$ 17,825,000		4
Net Additions to Plant and General Equipment			$ 24,060,000	5
Stocks of System Corporations (106), Increase[2]			-	6
Other Investment Securities (107 to 110), Increase[2]			-	7
Miscellaneous Investments (111), Increase			* 8,000	8
Cash and Marketable Securities (113, 114, 116), Increase			* 50,000	9
Accounts and Bills Receivable (115, 117, 118 to 121, 123), Increase (Except loans on open account to A. T. & T. Co.)			322,000	10
Materials and Supplies (122 less 122-10), Increase			* 20,000	11
Other Assets (124 to 136, 201 to 204), Increase			* 51,000	12
Obligations Maturing or expected to be Retired[2] #			126,000	13
TOTAL			$ 24,379,000	14
RESOURCES				
Undivided Profits			$ 2,735,000	15
Surplus (137, 171 to 174), Increase			* 56,000	16
Accounts Payable (158 to 165), Increase (Except loans from A. T. & T. Co.)			230,000	17
Accrued Liabilities Not Due (166, 167), Increase			1,141,000	18
Deferred Credit Items (168, 169, 170, 170A), Increase			4,000	19
Fund Capital Reserves (102, 103), Increase			3,930,000	20
Capital Obligations Assumed[2]			-	21
Notes to be Sold Pension Fund Trustee			1,135,000	22
TOTAL			$ 9,119,000	23
BALANCE NET CASH REQUIREMENTS			$ 15,260,000	24

1. Show amounts to nearest thousand dollars, but show last three digits.
2. Specify detail below or on Supplementary Statement.

* Purchase of Plant from Harvard Telephone Company, Harvard, Illinois.

United Telephone Company
[illegible] - Sept. 1, 1929

Printed in U. S. A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1928-29

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

FORM S. R. 315-B
PROVISIONAL ESTIMATE 1930
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES	Actual Results 1928	Actual Results 1929†	PROV. EST. 1930	Forecast 1931	Forecast 1932	Forecast 1933	Forecast 1934	
1	Exchange Revenues (500-506, Inclusive)	64 656	69 340	73 370	77 570	81 620	86 100	90 550	1
2	Toll Revenues (510-516, Inclusive)	16 578	21 390	23 870	26 650	29 750	32 870	36 230	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	1 185	1 560	1 630	1 680	1 740	1 800	1 860	3
4	**Total Telephone Revenues**	82 419	92 290	98 870	105 900	113 110	120 770	128 640	4
5	Traffic Expenses (621-635, Inclusive)	20 267	23 380	24 270	25 120	26 650	27 320	28 290	5
6	Commercial Expenses (640-650, Inclusive)	8 301	8 845	9 580	10 165	10 720	11 275	11 805	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	2 903	3 150	3 265	3 410	3 580	3 760	3 935	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	3 009	2 920	3 130	3 550	3 745	3 580	3 760	8
9	**Total Operation Expenses**	34 480	38 295	40 245	42 245	44 695	45 935	47 790	9
10	Supervision of Maintenance (601)	1 505	1 801	2 015	2 197	2 378	2 567	2 717	10
11	Ordinary Repairs (602-606 "R" codes)	6 961	7 954	8 730	9 579	10 382	11 237	12 199	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	3 031	3 095	3 350	3 604	3 864	4 151	4 423	12
13	Station Removals and Changes (607)	2 465	2 835	3 165	3 375	3 626	3 860	4 131	13
14	**Total Current Maintenance**	13 962	15 685	17 260	18 755	20 250	21 815	23 470	14
15	Depreciation (340, 608, 609)	11 472	12 195	13 395	14 475	15 615	16 860	18 120	15
16	Taxes (305, 322)	8 293	9 810	10 420	12 440	12 785	13 530	16 400	16
17	**Total Telephone Expenses**	68 207	75 985	81 320	87 915	93 345	98 140	105 780	17
18	**Net Telephone Earnings**	14 212	16 305	17 550	17 985	19 765	22 630	22 860	18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)	629	500	475	430	595	790	660	19
20	**Total Net Earnings**	14 841	16 805	18 025	18 415	20 360	23 420	23 520	20
21	Deduct Interest (335, 336, 338, minus 339)	3 051	4 225	4 355	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**	11 790	12 580	13 670	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)	-	-	-	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)	8 800	8 800	10 400	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**	8 800	8 800	10 400	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**	2 990	3 780	3 270	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	1 569	1 310	1 405	1 505	1 610	1 715	1 830	27
28	Average Capital Stock (Common) (150-01)	110 000	110 000	130 000	xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	6.20 %	6.49 %	6.34 %	6.00 %	6.07 %	6.41 %	6.03 %	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock	10.72 %	11.44 %	10.52 %	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	30

†Last 3 months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.
* Includes estimated interest to be paid A. T. & T. Co. $ 1,275

Date Issued November 8, 1929.

E-1

5377

Printed in U. S. A.

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1928-29

ILLINOIS BELL TELEPHONE COMPANY
CHICAGO AREA
(Name of Company)

FORM A. T. & T. 315-B
PROVISIONAL ESTIMATE 1930
STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES	Actual Results 1928	Actual Results 1929†	PROV. EST. 1930	Forecast 1931	Forecast 1932	Forecast 1933	Forecast 1934	
1	Exchange Revenues (500-506, Inclusive)	50 245	53 800	56 680	59 690	62 570	65 860	69 130	1
2	Toll Revenues (510-516, Inclusive)	7 154	10 940	12 670	14 470	15 470	18 520	20 790	2
3	Miscellaneous Operating Revenues (520-526, Inclusive)	902	1 270	1 280	1 310	1 340	1 370	1 390	3
4	**Total Telephone Revenues**	58 301	66 010	70 630	75 470	80 380	85 750	91 310	4
5	Traffic Expenses (621-635, Inclusive)	14 933	17 520	18 080	19 030	20 250	20 920	21 850	5
6	Commercial Expenses (640-650, Inclusive)	6 205	6 515	7 050	7 410	7 790	8 170	8 520	6
7	General and Miscellaneous Expenses (660-690, Inclusive)	2 189	2 385	2 440	2 535	2 650	2 770	2 890	7
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	1 797	1 625	1 770	2 070	2 175	1 945	2 060	8
9	**Total Operation Expenses**	25 124	28 045	29 340	31 045	32 865	33 805	35 320	9
10	Supervision of Maintenance (601)	954	1 135	1 255	1 380	1 500	1 620	1 740	10
11	Ordinary Repairs (602-606 "R" codes)	5 217	5 860	6 460	7 150	7 800	8 450	9 150	11
12	Rearrangements and Changes (602-606 "M" codes, and 610)	2 267	2 295	2 480	2 680	2 890	3 100	3 300	12
13	Station Removals and Changes (607)	2 050	2 265	2 555	2 730	2 920	3 090	3 280	13
14	**Total Current Maintenance**	10 488	11 575	12 750	13 940	15 110	16 260	17 470	14
15	Depreciation (340, 608, 609)	7 654	8 230	8 980	9 570	10 290	11 110	11 890	15
16	Taxes (305, 322)	6 635	7 855	8 265	9 995	10 150	10 610	13 155	16
17	**Total Telephone Expenses**	49 901	55 705	59 335	64 550	68 415	71 785	77 855	17
18	**Net Telephone Earnings**	8 400	10 305	11 295	10 920	11 965	13 965	13 475	18
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)								19
20	**Total Net Earnings**								20
21	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	21
22	**Balance Net Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	22
23	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	23
24	—(Common) (351-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	24
25	**Total Dividends**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	25
26	**Undivided Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	26
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	1 105	935	1 000	1 070	1 140	1 215	1 295	27
28	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx	28
29	Net Telephone Earnings to Average Plant in Service	5.30 %	5.97 %	5.97 %	5.40 %	5.46 %	5.88 %	5.31 %	29
30	Balance Net Profits (after Preferred Div.) to Average Common Stock.	%	%	%	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	30

†Last 3 months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.
* Includes estimated interest to be paid A. T. & T. Co. $.....

E-1

Date Issued November 8, 1929.

X-334
P. 52

Printed in U. S. A.

FORM B. M. 2-1-B
PROVISIONAL ESTIMATE 1930

ESTIMATED EARNINGS AND EXPENSES
COMPARED WITH RESULTS OF 1928-29

ILLINOIS BELL TELEPHONE COMPANY - STATE AREA
(Name of Company)

STATEMENT E
SHEET 1

	EARNINGS AND EXPENSES	Actual Results 1928	Actual Results 1929†	PROV. EST. 1930	Forecast 1931	Forecast 1932	Forecast 1933	Forecast 1934
1	Exchange Revenues (500-506, Inclusive)	14 411	15 540	16 690	17 880	19 050	20 240	21 420
2	Toll Revenues (510-516, Inclusive)	9 424	10 450	11 200	12 180	13 280	14 350	15 440
3	Miscellaneous Operating Revenues (520-526, Inclusive)	283	290	350	370	400	430	470
4	**Total Telephone Revenues**	24 118	26 280	28 240	30 430	32 730	35 020	37 330
5	Traffic Expenses (621-635, Inclusive)	5 334	5 960	6 190	6 090	6 400	6 400	6 440
6	Commercial Expenses (640-650, Inclusive)	2 096	2 330	2 530	2 755	2 930	3 105	3 285
7	General and Miscellaneous Expenses (660-690, Inclusive)	714	765	825	875	930	990	1 045
8	Other Oper. Expenses (304, 330-334, Inclusive, 337, 341, 527)	1 212	1 295	1 360	1 480	1 570	1 635	1 700
9	**Total Operation Expenses**	9 356	10 250	10 905	11 200	11 830	12 130	12 470
10	Supervision of Maintenance (601)	551	666	760	817	878	947	977
11	Ordinary Repairs (602-606 "R" codes)	1 744	2 094	2 270	2 429	2 582	2 787	3 049
12	Rearrangements and Changes (602-606 "M" codes, and 610)	764	800	870	924	974	1 051	1 123
13	Station Removals and Changes (607)	415	550	610	645	706	770	851
14	**Total Current Maintenance**	3 474	4 110	4 510	4 815	5 140	5 555	6 000
15	Depreciation (340, 608, 609)	3 818	3 965	4 415	4 905	5 325	5 750	6 230
16	Taxes (305, 322)	1 658	1 955	2 155	2 445	2 635	2 920	3 245
17	**Total Telephone Expenses**	18 306	20 280	21 985	23 365	24 930	26 355	27 945
18	**Net Telephone Earnings**	5 812	6 000	6 255	7 065	7 800	8 665	9 385
19	Sundry Net Earnings (302, 310-316, Incl.), minus (303, 320, 321, 323)							
20	**Total Net Earnings**							
21	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
22	**Balance Net Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
23	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
24	—(Common) (351-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
25	**Total Dividends**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
26	**Undivided Profits**				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
27	Amount of Licensee Revenue—Dr. (527) incl. in Line 8	454	375	405	438	470	500	535
28	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	xxxx xxx	xxxx xxx
29	Net Telephone Earnings to Average Plant in Service	8.23%	7.64%	7.11%	7.25%	7.33%	7.51%	7.47%
30	Balance Net Profits (after Preferred Div.) to Average Common Stock.	%	%	%	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx

†Last ..... months estimated.

Show money value to nearest thousand dollars, omitting last three digits.
Show percentages two figures to right of decimal.
* Includes estimated interest to be paid A. T. & T. Co. $

E-1

Date Issued November 1, 1929

STATE

5379

* indicates red figures

FORM S. E. 316-S
PROVISIONAL ESTIMATE
STATEMENT F

X-354
P. 52

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

ESTIMATE OF CASH REQUIREMENTS—YEAR 19 30

REQUIREMENTS				
Gross Construction (Plant and General Equipment)	$ 44,765,000			1
Purchases of Plant and General Equipment[2]	320,000	$ 45,085,000		2
Less Plant and General Equip. Removed or Abandoned	$ 18,610,000			3
" Plant and General Equipment Sold[2]	-	$ 18,610,000		4
Net Additions to Plant and General Equipment			$ 26,475,000	5
Stocks of System Corporations (106), Increase[2]			341,000	6
Other Investment Securities (107 to 110), Increase[2]			*66,000	7
Miscellaneous Investments (111), Increase			17,000	8
Cash and Marketable Securities (113, 114, 116), Increase			187,000	9
Accounts and Bills Receivable (115, 117, 118 to 121, 123), Increase (Except loans on open account to A. T. & T. Co.)			517,000	10
Materials and Supplies (122 less 122-10), Increase			*19,000	11
Other Assets (124 to 136, 201 to 204), Increase			*63,000	12
Obligations Maturing or expected to be Retired[2] (Except to A. T. & T. Co.)			-	13
TOTAL			$ 27,389,000	14
RESOURCES				
Undivided Profits			$ 3,270,000	15
Surplus (137, 171 to 174), Increase			* 8,000	16
Accounts Payable (158 to 165), Increase (Except loans from A. T. & T. Co.)			494,000	17
Accrued Liabilities Not Due (166, 167), Increase			* 6,282,000	18
Deferred Credit Items (168, 169, 170, 170A), Increase			21,000	19
Fixed Capital Reserves (102, 103), Increase			4,575,000	20
Capital Obligations Assumed[2]			-	21
Notes to be Sold Pension Fund Trustee			1,357,000	22
TOTAL			$ 3,427,000	23
BALANCE NET CASH REQUIREMENTS			$ 23,962,000	24

1. Show amounts to nearest thousand dollars, but show last three digits.
2. Specify detail below or on Supplementary Statement.

See Supplementary Statement.

* Does not include:

Remainder of stock issue	$20,002,000
Surplus funds of Bell Realty Trust	160,000

Date Issued November 8, 1929.

FORM S. N. 731
PROVISIONAL ESTIMATE 1931

STATEMENT A

X-354
P. 54

Name of Company ILLINOIS BELL TELEPHONE COMPANY

SUMMARY OF PROVISIONAL ESTIMATE AND FORECAST
(COMPARED WITH RESULTS OF 1929-30)

"000" Omitted

	COMPANY STATIONS AND LINES	Actual Results 1929	Actual Results 1930†	Prov. Est. 1931	Forecast 1932	Forecast 1933	
1	Total Inward Station Movement	460	422	458	505	539	1
2	Total Outward Station Movement	389	422	418	435	470	2
3	Net Station Gain	71	-	40	68	69	3
4	Average Number of Company Stations	1 408	1 445	1 461	1 522	1 589	4
5	Net Gain in Exchange Circuits Serving Co. Stations	42	12	34	49	50	5
	TOLL USAGE AND CALLING RATE						
6	Average Daily Calling Rate per Station—Local	4 66	4 50	4 54	4 63	4 63	6
7	Toll Usage — Total messages A-B	60 172	63 237	67 552	73 584	79 630	7
8	Toll Usage — Total messages—Toll Board	11 529	11 663	12 347	13 313	14 370	8
	CONSTRUCTION PROGRAM						
9	Gross Construction	37 731	36 870	29 450	46 160	43 155	9
10	Plant Removed or Abandoned	19 511	16 485	16 259	19 063	21 161	10
11	Net Additions	18 220	20 385	13 191	27 097	21 994	11
12	Average Plant in Service	250 824	270 400	288 500	307 580	331 700	12
	REVENUES AND EXPENSES						
13	Exchange Revenues (500-506)	69 329	70 550	72 390	76 370	80 400	13
14	Toll Revenues (510-516)	21 752	22 340	24 590	27 140	29 900	14
15	Miscellaneous Operating Revenues (520-526)	1 537	1 560	1 490	1 510	1 540	15
16	**Total Telephone Revenues**	92 618	94 450	98 470	105 020	111 840	16
17	Traffic Expenses (621-635)	23 200	22 613	22 710	23 920	24 340	17
18	Commercial Expenses (640-650)	8 861	9 564	10 200	10 740	11 280	18
19	General and Miscellaneous Expenses (660-690)	3 146	3 595	3 800	3 970	4 075	19
20	Other Oper. Expenses (304, 330-334, 337, 341, 527)	2 864	2 980	3 185	3 285	3 335	20
21	**Total Operation Expenses**	38 071	38 752	39 895	41 915	43 030	21
22	Supervision of Maintenance (601)	1 778	1 796	1 917	2 008	2 151	22
23	Ordinary Repairs (602-606 "R" codes)	8 077	8 428	8 939	9 730	10 517	23
24	Rearrangements and Changes (602-606 "M" codes, and 610)	3 085	3 176	3 212	3 635	3 800	24
25	Station Removals and Changes (607)	2 803	3 324	3 219	3 444	3 725	25
26	**Total Current Maintenance**	15 743	16 724	17 287	18 817	20 173	26
27	Depreciation (340, 608, 609)	12 064	13 025	13 890	14 800	15 930	27
28	Taxes (305, 322)	9 861	9 790	11 865	12 370	12 860	28
29	**Total Telephone Expenses**	75 739	78 291	82 937	87 902	91 795	29
30	**Net Telephone Earnings**	16 879	16 159	15 533	17 118	20 047	30
31	Sundry Net Earnings (302, 310-316), minus (303, 320, 321, 323)	491	1 055	585	685	550	31
32	**Total Net Earnings**	17 370	17 214	16 118	17 803	20 597	32
33	Deduct Interest (335, 336, 338, minus 339)	4 297	4 360	3 160	xxxx xxx	xxxx xxx	33
34	**Balance Net Profits**	13 073	12 854	12 958	xxxx xxx	xxxx xxx	34
35	Deduct Dividends—(Preferred) (351-02)	-	-	-	xxxx xxx	xxxx xxx	35
36	—(Common) (351-01)	8 800	10 400	12 000	xxxx xxx	xxxx xxx	36
37	**Total Dividends**	8 800	10 400	12 000	xxxx xxx	xxxx xxx	37
38	**Undivided Profits**	4 273	2 454	958	xxxx xxx	xxxx xxx	38
39	Average Capital Stock (Common) (150-01)	110 000	130 000	150 000	xxxx xxx	xxxx xxx	39
40	Net Telephone Earnings to Average Plant in Service	6.73%	5.98%	5.38%	5.57%	6.04%	40
41	Balance Net Profits (after Preferred Div.) to Av. Com. Stock	11.88%	9.89%	8.64%	xxxxx xxx	xxxxxxxx	41

†Last 5 months estimated.

#Includes estimated interest to be paid A. T. & T. Co. $ 10

Date Issued November 10, 1930

5381

* indicates red figures

FORM S. N. 751
PROVISIONAL ESTIMATE 1931

Name of Company: ILLINOIS BELL TELEPHONE COMPANY
CHICAGO AREA

STATEMENT A

F-554
P-55

SUMMARY OF PROVISIONAL ESTIMATE AND FORECAST
(COMPARED WITH RESULTS OF 1929-30)

"000" Omitted

	COMPANY STATIONS AND LINES	Actual Results 1929	Actual Results 1930†	Prov. Est. 1931	Forecast 1932	Forecast 1933	
1	Total Inward Station Movement	557	509	534	565	592	1
2	Total Outward Station Movement	291	315	307	319	347	2
3	Net Station Gain	46	* 6	27	46	45	3
4	Average Number of Company Stations	984	984	992	1 052	1 077	4
5	Net Gain in Exchange Circuits Serving Co. Stations	25	6	23	32	32	5
	TOLL USAGE AND CALLING RATE						
6	Average Daily Calling Rate per Station—Local	4 49	4 30	4 35	4 49	4 49	6
7	Toll Usage { Total messages A-B	24 387	25 520	27 165	29 550	31 965	7
8	Toll Usage { Total messages—Toll Board	2 546	2 590	2 795	3 040	3 285	8
	CONSTRUCTION PROGRAM						
9	Gross Construction	25 065	23 000	19 500	31 500	29 100	9
10	Plant Removed or Abandoned	14 180	10 750	11 900	12 100	12 200	10
11	Net Additions	10 885	12 250	7 600	19 400	16 900	11
12	Average Plant in Service	172 570	184 600	194 500	206 000	221 500	12
	REVENUES AND EXPENSES						
13	Exchange Revenues (500-506)	53 798	54 450	55 850	58 940	62 050	13
14	Toll Revenues (510-516)	11 215	11 700	13 010	14 550	16 220	14
15	Miscellaneous Operating Revenues (520-526)	1 260	1 220	1 140	1 180	1 140	15
16	Total Telephone Revenues	66 273	67 370	70 000	74 300	79 410	16
17	Traffic Expenses (621-635)	17 282	16 540	16 620	17 700	17 950	17
18	Commercial Expenses (640-650)	6 520	7 000	7 550	7 950	8 350	18
19	General and Miscellaneous Expenses (660-690)	2 570	2 590	2 705	2 850	2 905	19
20	Other Oper. Expenses (304, 330-334, 337, 341, 527)	1 562	1 570	1 780	1 815	1 800	20
21	Total Operation Expenses	27 734	27 700	28 655	30 315	31 005	21
22	Supervision of Maintenance (601)	1 130	1 165	1 280	1 350	1 440	22
23	Ordinary Repairs (602-606 "R" codes)	6 041	6 270	6 625	7 140	7 780	23
24	Rearrangements and Changes (602-606 "M" codes, and 610)	2 291	2 300	2 335	2 580	2 710	24
25	Station Removals and Changes (607)	2 139	2 465	2 440	2 620	2 990	25
26	Total Current Maintenance	11 601	12 200	12 660	13 690	14 820	26
27	Depreciation (340, 608, 609)	8 155	8 710	9 200	9 750	10 450	27
28	Taxes (305, 322)	7 059	8 105	9 680	10 050	10 120	28
29	Total Telephone Expenses	55 427	56 715	60 195	63 745	66 375	29
30	Net Telephone Earnings	10 846	10 655	9 805	10 855	13 035	30
31	Sundry Net Earnings (302, 310-316), minus (303, 320, 321, 323)						31
32	Total Net Earnings						32
33	Deduct Interest (335, 336, 338, minus 339)			#	xxxx xxx	xxxx xxx	33
34	Balance Net Profits				xxxx xxx	xxxx xxx	34
35	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	35
36	—(Common) (351-01)				xxxx xxx	xxxx xxx	36
37	Total Dividends				xxxx xxx	xxxx xxx	37
38	Undivided Profits				xxxx xxx	xxxx xxx	38
39	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	39
40	Net Telephone Earnings to Average Plant in Service	6.29%	5.77%	5.04%	5.27%	5.86%	40
41	Balance Net Profits (after Preferred Div.) to Av. Com. Stock,	- %	- %	- %	xxxxx xxx	xxxxxxxx	41

†Last — 5 — months estimated.

Includes estimated interest to be paid A. T. & T. Co. $.... XX

Date Issued November 10, 1930

FORM S. N. 731
PROVISIONAL ESTIMATE 1931

STATEMENT A

X-354
P.56

Name of Company: ILLINOIS BELL TELEPHONE COMPANY
STATE AREA

SUMMARY OF PROVISIONAL ESTIMATE AND FORECAST
(COMPARED WITH RESULTS OF 1929-30)

"000" Omitted

	COMPANY STATIONS AND LINES	Actual Results 1929	Actual Results 1930†	Prov. Est. 1931	Forecast 1932	Forecast 1933	
1	Total Inward Station Movement	123	113	124	138	147	1
2	Total Outward Station Movement	98	107	111	116	123	2
3	Net Station Gain	25	6	13	22	24	3
4	Average Number of Company Stations	444	461	469	490	512	4
5	Net Gain in Exchange Circuits Serving Co. Stations	17	6	11	17	18	5
	TOLL USAGE AND CALLING RATE						
6	Average Daily Calling Rate per Station—Local	5 01	4 91	4 92	4 93	4 92	6
7	Toll Usage { Total messages A-B	35 786	37 717	40 387	44 034	47 645	7
8	Toll Usage { Total messages—Toll Board	8 983	9 073	9 552	10 273	11 105	8
	CONSTRUCTION PROGRAM						
9	Gross Construction	12 666	13 870	9 950	14 660	14 055	9
10	Plant Removed or Abandoned	5 332	5 735	4 359	5 963	4 961	10
11	Net Additions	7 334	8 135	5 591	8 697	9 094	11
12	Average Plant in Service	78 454	85 800	94 000	101 580	110 200	12
	REVENUES AND EXPENSES						
13	Exchange Revenues (500-506)	15 531	16 100	16 540	17 430	18 350	13
14	Toll Revenues (510-516)	10 537	10 640	11 580	12 610	13 680	14
15	Miscellaneous Operating Revenues (520-526)	277	340	350	380	400	15
16	**Total Telephone Revenues**	26 345	27 080	28 470	30 420	32 430	16
17	Traffic Expenses (621-635)	5 918	6 073	6 090	6 220	6 390	17
18	Commercial Expenses (640-650)	2 341	2 564	2 650	2 790	2 930	18
19	General and Miscellaneous Expenses (660-690)	776	1 005	1 095	1 140	1 170	19
20	Other Oper. Expenses (304, 330-334, 337, 341, 527)	1 302	1 410	1 405	1 470	1 535	20
21	**Total Operation Expenses**	10 337	11 052	11 240	11 620	12 025	21
22	Supervision of Maintenance (601)	648	631	657	658	691	22
23	Ordinary Repairs (602-606 "R" codes)	2 036	2 158	2 314	2 590	2 737	23
24	Rearrangements and Changes (602-606 "M" codes, and 610)	794	876	877	1 055	1 090	24
25	Station Removals and Changes (607)	664	859	779	824	835	25
26	**Total Current Maintenance**	4 142	4 524	4 627	5 127	5 353	26
27	Depreciation (340, 608, 609)	3 931	4 315	4 690	5 070	5 500	27
28	Taxes (305, 322)	1 908	1 685	2 185	2 340	2 540	28
29	**Total Telephone Expenses**	20 312	21 576	22 742	24 157	25 418	29
30	**Net Telephone Earnings**	6 033	5 504	5 728	6 263	7 012	30
31	Sundry Net Earnings (302, 310-316), minus (303, 320, 321, 323)						31
32	**Total Net Earnings**						32
33	Deduct Interest (335, 336, 338, minus 339)				xxxx xxx	xxxx xxx	33
34	**Balance Net Profits**				xxxx xxx	xxxx xxx	34
35	Deduct Dividends—(Preferred) (351-02)				xxxx xxx	xxxx xxx	35
36	—(Common) (351-01)				xxxx xxx	xxxx xxx	36
37	**Total Dividends**				xxxx xxx	xxxx xxx	37
38	**Undivided Profits**				xxxx xxx	xxxx xxx	38
39	Average Capital Stock (Common) (150-01)				xxxx xxx	xxxx xxx	39
40	Net Telephone Earnings to Average Plant in Service	7.69 %	6.41 %	6.09 %	6.17 %	6.36 %	40
41	Balance Net Profits (after Preferred Div.) to Av. Com. Stock,	%	%	%	xxxxx xxx	xxxxxxxx	41

†Last 3 months estimated.

Includes estimated interest to be paid A. T. & T. Co. $ -

Date Issued November 10, 1930

5383

* indicates red figures

FORM A. N. 724
PROVISIONAL ESTIMATE
STATEMENT D

X-354.
P.57

ILLINOIS BELL TELEPHONE COMPANY
(Name of Company)

ESTIMATE OF CASH REQUIREMENTS[1]—YEAR 1931

REQUIREMENTS					
1	Gross Construction (Plant and General Equipment)	$50,359,000			1
2	Purchases of Plant and General Equipment[2]	500,000	$ 50,859,000		2
3	Less Plant and General Equip. Removed or Abandoned	$16,844,000			3
4	" Plant and General Equipment Sold[2]	-	$ 16,844,000		4
5	Net Additions to Plant and General Equipment			$15,815,000	5
6	Stocks of System Corporations (106), Increase[2]			512,000	6
7	Other Investment Securities (107 to 110), Increase[2]			-	7
8	Miscellaneous Investments (111), Increase			* 25,000	8
9	Cash and Marketable Securities (113, 114, 116), Increase			5,000	9
10	Accounts and Bills Receivable (115, 117, 118 to 121, 123), Increase (Except items on open account to A. T. & T. Co.)			918,000	10
11	Materials and Supplies (122 less 122-10), Increase			* 44,000	11
12	Other Assets (124 to 136, 201 to 204), Increase			* 79,000	12
13	Obligations Maturing or expected to be Retired[2] (Except to A. T. & T. Co.)			-	13
14	TOTAL			$14,902,000	14
RESOURCES					
15	Undivided Profits			$ 958,000	15
16	Surplus (137, 171 to 174), Increase			17,000	16
17	Accounts Payable (158 to 165), Increase (Except items from A. T. & T. Co.)			582,000	17
18	Accrued Liabilities Not Due (166, 167), Increase			*5,795,000	18
19	Deferred Credit Items (168, 169, 170, 170A), Increase			25,000	19
20	Depreciation and Amortization (340, 608, 609, 674, 701 to 704)	$14,262,000			20
21	Other Credits to Reserve	156,000	$14,418,000		21
22	Less Total Net Charges to Reserves (102, 103)		8,578,000		22
23	Fixed Capital Reserves (102, 103), Increase			6,020,000	23
24	Capital Obligations Assumed[2]			-	24
25	Notes to be Sold Pension Fund Trustee			1,407,000	25
26	TOTAL			*$ 4,992,000	26
27	BALANCE NET CASH REQUIREMENTS			$ 9,910,000	27

1. Show amounts to nearest thousand dollars, but show last three digits.
2. Specify detail below or on Supplementary Statement.

Line 2 - Peoples' Tel. & Tel. Co. of Menard County $ 181,000
Bond County Tel. & Tel. Co, 119,000
300,000

Line 6 - Additional Stock Issue - Crown Point Tel. Co. $ 450,000
Liquidation of Peoples' Tel. & Tel. Co. of Menard County * 86,000
Liquidation of Bond County Tel. & Tel. Co. * 52,000
$ 512,000

*Does not include surplus funds of Bell Realty Trust $ 160,000

Date Issued November 10, 1930.

[fol. 5385] EXTRACTS FROM EXHIBIT X-355

Portions of Provisional Estimates of Other Licensee Companies, 1920-1930, as Follows

* * * * * * *

P. 33:

New York Telephone Company

Excerpts from Letter Dated November 15, 1923, from H. F. Thurber, President, to W. S. Gifford, Executive Vice-President, A. T. & T. Co.

"E. Assumption as to Changes in Wage Rates and Material Costs.—We have assumed no change in wage rates and have assumed that material costs will follow the trends furnished by you, except in the case of machine switching equipment. After consulting with your people and the Western Electric Company, we have assumed that the 1921 costs of machine switching equipment installed would carry through the year 1924, that these costs would be reduced in 1925 and subsequent years so that by the end of 1928 the cost would be approximately 70% of the 1921 costs. * * *

"L. Financial Requirements for 1924.—In view of the magnitude of the construction program and the inadequacy of net earnings, it is desirable that we secure funds at the lowest possible cost. This means borrowing funds rather than issuing Common or Preferred stocks or selling security holdings. Furthermore, with a Federal income tax at the present rate it would seem advisable to finance the requirements with an interest bearing obligation. If the general financial condition warrants, we suggest an issue of $75,000,000. 30-year 5½% mortgage bonds—Series "B". In our interest computations we have assumed that the cost of money realized from such a bond issue would be approximately the same as we pay the A. T. & T. Company, namely, 5.88%. This would bring the ratio of funded debt to total capital obligations to approximately 48%. The provisions of the refunding mortgage place no restrictions on an issue of this amount. We also suggest, in the event

of a bond issue, that the proceeds be used in part to liquidate debt to A. T. & T. Company. The program as outlined contemplates further loans from A. T. & T. Company during the latter part of 1924."

* * * * * * * *

1931

P. 34.

Indiana Bell Telephone Company

The following 3 charts have been taken from the Provisional Estimate for the year 1931 which accompanied Letter dated November 13, 1930 from J. F. Carroll, President, to W. S. Gifford, President of A. T. & T. Co.

(Here follows side folio 5386)

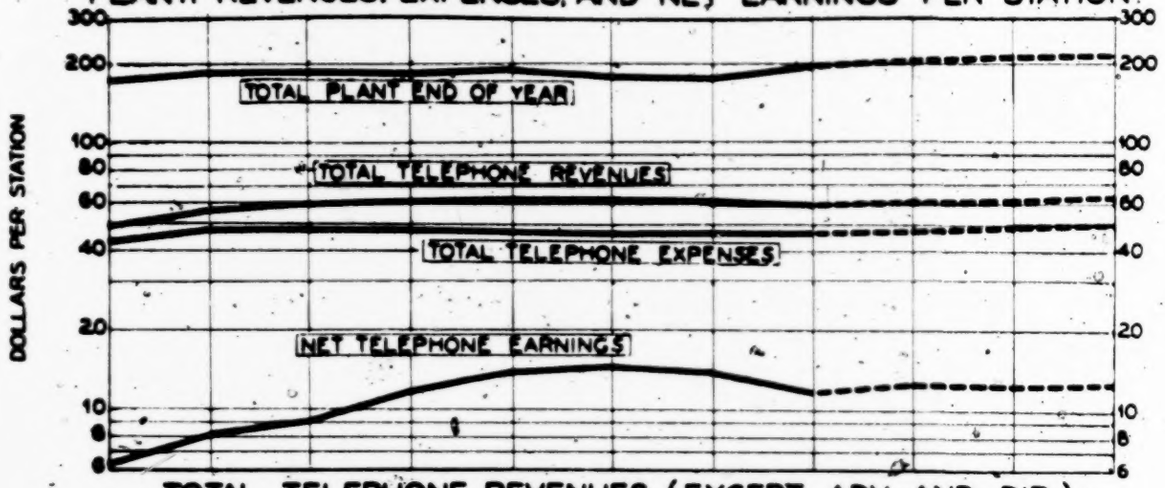
EXHIBIT X-355

X-355
CHART NO 1

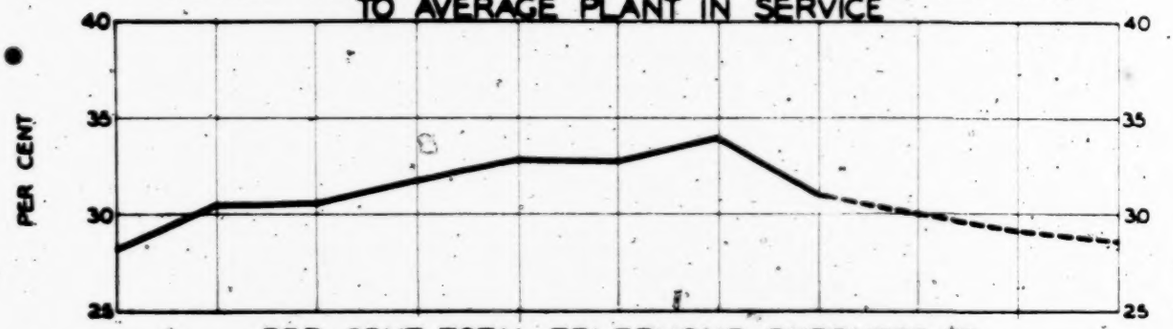
SUMMARY CHART

INDIANA BELL TELEPHONE COMPANY

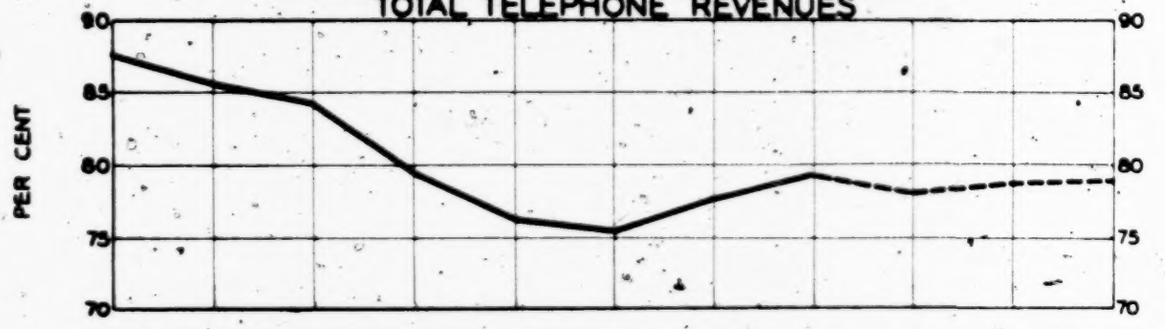
PLANT, REVENUES, EXPENSES, AND NET EARNINGS PER STATION



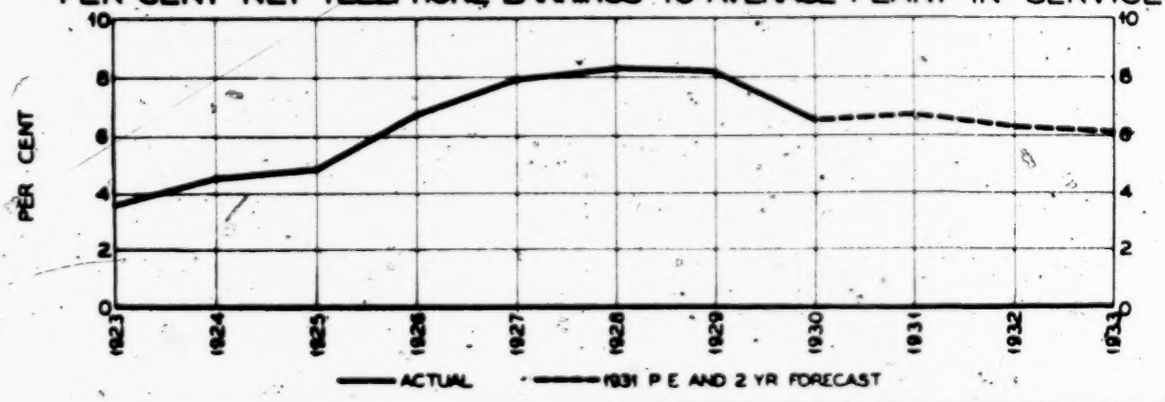
TOTAL TELEPHONE REVENUES (EXCEPT ADV AND DIR) TO AVERAGE PLANT IN SERVICE



PER CENT TOTAL TELEPHONE EXPENSES TO TOTAL TELEPHONE REVENUES



PER CENT NET TELEPHONE EARNINGS TO AVERAGE PLANT IN SERVICE



LAST 4 MONTHS 1930 ESTIMATED

PREPARED BY ACCOUNTING DEPARTMENT

[fol. 5387] EXTRACTS FROM EXHIBIT X-356

This agreement, made and entered into on the 19th day of June, 1919, by and between the International Telephone Sales and Engineering Corporation, a corporation created under the laws of the state of Delaware (hereinafter referred to as the Sales Corporation) and Western Electric Company, Incorporated, a corporation created under the laws of the State of New York (hereinafter referred to as the Western Company),

Witnesseth:

. . . . . .

[fol. 5388] Section 3. The Sales Company agrees that on the terms hereinafter specified it will cause to be manufactured and delivered to the Western Company, or its nominee, and upon said terms the Western Company orders and agrees that it will take 50,000 lines, or the equivalent thereof, per annum for a period of five years, provided, however, that in order to assure priority for the requirements of the Automatic Company's other customers, the Sales Company shall only be required to furnish to the Western Company in any calendar year, and the Western Company shall only be required to take in any such year the number of lines not in excess of 50,000 equal to the difference between 100,000 lines and the number of lines to be manufactured for such other customers in the year in question; to that end, beginning with the year 1920, the Sales Company shall, three months prior to January 1st and July 1st, of each year, during the period of this contract, notify the Western Company in writing of the amount of orders then on hand from others than the Western Company, and of the periods when the apparatus covered by such orders from others is to be manufactured, not including its installation, and if the amount of apparatus to be so manufactured under such other orders in any six months' period shall exceed 25,000 lines, the number of lines which the Sales Company is required to manufacture and deliver and the Western Company is required to take, shall be reduced by the amount of such excess, such reduction to be made in the preliminary information next thereafter given by the Western Company, unless otherwise agreed by the parties.

[fol. 5389] Section 4. (b) The Western Company shall have the right to specify within reasonable manufacturing

limits any changes which it desires in the said standard specifications, and in that event, any change in the cost (except general executive and sales costs) occasioned by such changes from the standard specifications shall, as the case may be, be added to or deducted from the purchase price fixed hereby for lines of the standard type.

The Western Company shall hold said Automatic Electric Company and the Sales Company harmless as against damages and expenses incurred by them, or either of them, on account of infringements of patents arising out of such changes in the standard specifications. If changes specified by the Western Company, as aforesaid, shall delay the manufacture of the apparatus specified, the time here- [fol. 5390] inafter prescribed for the delivery of such apparatus shall, if necessary, be extended for the period of such delay.

* * * * * * *

Section 10. The Sales Company warrants that all of the apparatus furnished hereunder shall be, as to workmanship, material and finish, free from defects and first-class in all respects, and further, that where the standard specifications have not been changed and the apparatus has been delivered installed, it will if properly operated, render first-class commercial telephone service, in connection with standard metallic circuits of American Telephone and Telegraph Company construction, and upon written notice given within one year after acceptance agrees to repair or replace any part thereof which may fail to operate satisfactorily. Such parts shall be carefully packed and shipped to the Sales Company at Chicago, Illinois. If upon inspection by it, their defects are found to be due to either defective workmanship, material or finish, no charge will be made for the replacement thereof; otherwise, the Western Company or its nominee shall pay the proper charges for such replacements. There is no warranty against injury to parts caused by light-ing, foreign currents or other causes beyond the control of the Sales Company.

[fol. 5391] In addition to the portions of this contract printed in full above, it contains, in substance, the following provisions:

Sect. 1. Defines the words "line" (p. 1).

Sect. 2. Automatic Electric agrees to enlarge its manufacturing capacity (p. 1).

Sect. 3. Printed in full above (pp. 1-2).

Sect. 4. Par. "A" provides that the lines sold under contract shall be of the general types now manufactured subject to modification thereafter authorized. Standard specifications have been identified (pp. 2-3).

Par. "B", First two paragraphs printed in full above. Western may direct charges in standard specifications but such charges shall not be embodied in apparatus made for other customers; this not to limit normal developments of Automatic Electric apparatus.

Par. "C" covers the time of furnishing to Automatic Electric specifications for apparatus.

Par. "D" deals with specifications for apparatus.

Par. "E" states that the 250,000 lines ordered shall be distributed with reasonable uniformity over a five year period.

Par. "F" provides for the marking of apparatus manufactured under contract (pp. 2-5).

Sect. 5. Identifies schedule "A" which shows the relative portions of the constituent parts included in lines. Provides for ordering of parts of lines (p. 6).

Sect. 6. Provides that adjustment of prices shall be made from time to time on account of modifications of standard specifications (p. 6).

Sect. 7. Provides for the method and place of delivery and installation of apparatus (pp. 5-8).

Sect. 8. Western shall furnish shipping instructions promptly (p. 8).

[fol. 5392] Sect. 9. Provides that the prices on apparatus shall be the prices fixed in Schedule "A" but they shall not exceed those charged for like apparatus to other customers. Sales price to be in cash upon delivery, except that Western shall advance $1,600,000 upon the price of the first 50,000 lines to be manufactured under this contract.

Provides that the prices fixed in Schedule "A" are based on the actual cost to Automatic Electric of labor and material between August 1, 1918, and April 30, 1919, and shall be adjusted if necessary to conform to any increases or decreases of the costs during the term of this agreement (pp. 8-10)

Sect. 10. Printed in full above (pp. 10-11).

Sect. 11. Provides for insurance of shipment by Sales Company (p. 11).

Sect. 12. Manufacturing under this contract to be subject to inspection by Western and, if the material is not in accordance with agreement, it may be rejected.

Provides that if directors of Western shall decide that Sales Company has failed under this contract or that there is imminent probability that it will fail, Western may forthwith manufacture such lines itself and continue in this manufacture so long as in its opinion may be needful. If controversy shall arise as to whether such action taken by Western was justified, such controversy shall be determined by arbitration, and if found not to be justified Western shall reimburse Sales in accordance with the provisions of the contract (pp. 11-13).

Sect. 13. Western has right to cancel this contract as to any lines upon payment of 30% of gross sales price as liquidated damages (pp. 13-14).

Sect. 14. The prices stated in Schedule "A" are intended to be the standard prices which Automatic sold such lines and parts of lines to customers under contracts made during the period from August 1, 1918, to April 30, 1919. Such standard prices being defined to be the uniform prices at which not less than 80% of such lines were sold by Automatic to customers.

Provides for Audit Company to verify such schedule and to provide a table of equivalents stating as to each component part of a line in Schedule "A" the price thereof (pp. 14-15).

Sect. 15. Provides that disputes as to adjustments of prices should be submitted to the Audit Company of New York or such other firms as may be agreed upon (p. 15).

Sect. 16. All other disputes to be settled by arbitration.

[fol. 5393] Sect. 17. Limits liability for failure to perfrom any obligations within a fixed time if delay was caused by strikes, etc. (pp. 16-17).

Sect. 18. Contract not assignable by Sales except to Automatic and then only upon the condition that Western will be guaranteed as to the advancements made by Western under Section 9. If such assignment is made to Automatic, Western shall be relieved of the obligation of making certain advance payments.

Acknowledgment (p. 18).

Schedule "A" shows prices for the products to be sold (pp. 19-21).

[fol. 5394] EXTRACTS FROM EXHIBIT X-358

This agreement, made and entered into on this 21st day of March, 1924, by and between Theodore Gary, Frank H. Woods, H. L. Gary and A. F. Adams (hereinafter designated as the "Vendors") and the Western Electric Company, Incorporated, a corporation created under the laws of the state of New York (hereinafter designated as the "Western Company").

Whereas, the Vendors are now the owners of all of the outstanding capital stock, consisting of 37,500 shares of Series A common stock of the par value of $100.00 per share, and 50,000 shares of Series B common stock of the par value of $1.00 per share of the International Telephone Sales and Engineering Corporation, a Delaware corporation (hereinafter designated as the "Sales Corporation"): of which the 50,000 shares of Series B common stock are deposited as security under a certain trust agreement dated July 1, 1919, made by the Sales Corporation and the First Trust and Savings Bank of Chicago, covering an issue of Debentures the last of which mature on January 1, 1925, and

Whereas, the Sales Corporation is now the owner of a majority of the capital stock of the Automatic Electric Company, an Illinois corporation (hereinafter designated as the "Automatic Company"),

Now, therefore, this agreement witnesseth:

That for and in consideration of One Dollar and other valuable considerations, the receipt whereof is hereby acknowledged, the Vendors jointly and severally for themselves, their heirs, executors and administrators, hereby grant to the Western Company, its nominees and assigns, an option to acquire all of the outstanding capital stock of the Sales Corporation, which stock is now owned by the Vendors as above recited, upon the terms and conditions following:

1. This option may be exercised by the Western Company at any time after January 1, 1925, until and including July 1, 1929.

2. Upon its election to exercise this option, the Western Company shall on or before said July 1, 1929 give to the Vendors notice of such election, which notice may be given by registered letter addressed to each vendor, care of Theodore Gary and Company at 14th Floor Telephone Building,

Kansas City, Missouri, or at such other address as may hereafter be designated in writing for that purpose by the Vendors.

[fol. 5395] 3. Upon such election to exercise this option, the transaction shall be closed by delivery to the Western Company, its nominees or assigns, of certificates representing the stock covered hereby duly endorsed in blank for transfer, with all necessary legal formalities complied with, and upon such delivery the Western Company, its nominees or assigns, shall make payment to the Vendors of the purchase price hereinafter provided. The date and place of such delivery and payment shall be fixed by the Western Company in its notice of the election to exercise the option, which date shall be not less than thirty nor more than ninety days after the date of such notice. The stock transfer tax payable on such delivery shall be paid by the Western Company.

4. The price to be paid by the Western Company to the Vendors for the stock covered by this option shall be the sum of Eight Hundred and Twenty Thousand Dollars ($820,000.00), with interest thereon at the rate of six per cent (6%) per annum from the fifteenth day of January, 1924, until paid, less an amount equal to any dividends declared by the Sales Corporation payable to stockholders of record on any date between January 15, 1924, and the date the stock covered by this option is delivered to the Western Company, its nominees or assigns.

[fol. 5396] In addition to the revisions of this contract quoted in full above, there are additional provisions relative to the following subjects:

Recitals and first 4 sections quoted complete above (pp. 1–3).

Section 5. Vendors agree to furnish Western balance sheets for Sales Corporation and Automatic Company and show details as Western may require. Western to be afforded opportunities to verify such sheets (p. 3).

Section 6. Vendors have not or will not incur any indebtedness other than that reasonably necessary in transaction of their businesses. A statement of indebtedness as of January 31, 1924, as appended to the contract.

Section 7. Sales Corporation and Automatic Company are not to increase the amount of the outstanding capital stock of either unless necessary in the transaction of regular and ordinary business (p. 4).

Section 8. Vendors will not distribute any surplus profits to stockholders except with the written consent of Western and will use any surplus funds to reduce outstanding indebtedness and to purchase outstanding stock of Automatic (p. 4).

Section 9. Sales Corporation will not sell any shares of the Automatic (p. 4).

Section 10. Vendors agree that their salaries as officers of the Sales Corporation or Automatic are not to be increased (pp. 4–5).

Section 11. Vendors will not cancel option with Sales Corporation to purchase certain stock of Automatic. Sales Corporation may exercise said option (p. 5).

Section 12. Provisions in contract requiring consent of Western to transactions are for the purpose of conserving properties of the Sales Corporation and nothing contained is deemed to give Vendors control of the business or affairs of said Corporation.

[fol. 5397] EXTRACTS FROM EXHIBIT X-358

Correspondence Between Western Electric and Automatic Electric, Inc.

[fol. 5398] Copy

Western Electric Company, Incorporated, 195 Broadway, New York

F. B. Gleason, General Commercial Manager

June 25, 1929.

Automatic Electric, Inc., 1033 West Van Buren Street, Chicago, Illinois.

Attention of Mr. H. L. Harris

MY DEAR MR. HARRIS:

In our conversation of April 12, 1929, you explained that additional orders covering apparatus to be shipped during

the latter part of 1929 would be of material advantage to your company and that the concession in price discussed by us would be made if we complied with your request.

We understand that our schedules for the year 1929 as increased pursuant to our above mentioned conversation, while possibly subject to minor changes, meet the conditions as to volume specified by you, and that you therefore will allow us a discount of 3% on the value of your total shipments to us during the year 1929 determined in accordance with the contract between our two companies dated May 24, 1927. In determining such value on which this discount shall be allowed, we will, of course, exclude the invoice price of any coded apparatus purchased by you from us for incorporation in our orders and rebilled to us at the same prices as charged you by us.

In regard to the future, notwithstanding the fact that the contract minimum for each of the calendar years 1930 to 1936 inclusive is a volume of business amounting to $2,600,000 figured at 1925 prices, we agree to make a firm commitment for 1930 of a volume of business amounting to not less than $5,000,000 figured at 1925 prices; and in consideration therefor you agree to allow us the following: vol- [fol. 5399] ume discounts on the value of your total shipments to us under the May 24, 1927 contract during each of the calendar years 1930 to 1926 inclusive. It is understood that the maximum rate of discount reached in any year shall apply to the total of such value of shipments for that year excluding, however, the price of coded apparatus purchased by you from us for incorporation in our orders and rebilled to us at the same prices as charged you by us.

Value at 1925 Price	Discount on Value of Total Shipments
$3,400,000	1%
3,800,000	2%
4,200,000	3%
4,600,000	4%
6,200,000 and over	5%

It is further understood that if the volume of business as defined above during any of the calendar years 1930 to 1936 inclusive shall exceed $3,400,000 at 1925 prices, the maximum price for that year shall be reduced from 118%

of standard cost (as provided for in the third paragraph of Section IV-b of the 1927 contract) to conform to the following schedule.

Value at 1925 Price	Maximum Price (Per Cent of Standard Cost)
$3,000,000	118.00
3,400,000	116.82
3,800,000	115.64
4,200,000	114.46
4,600,000	113.28
6,200,000 and over	112.10

Your company further agrees to waive the provisions of the second paragraph of Section IV-b of the 1927 contract, reading as follows:

"Provided, however, that if the estimated complete cost of said apparatus specified for delivery in any of the calendar years 1930 to 1936 inclusive falls below the 1927 estimated complete cost of the same kinds and quantities of apparatus, the price for the said apparatus shall be the estimated complete cost for the particular year plus 15% plus one-half the difference between said estimated complete costs above referred to."

If this letter is in accordance with your understanding, please signify your acceptance by signing and returning the attached copy of this letter.

Very truly yours, F. B. Gleason, General Commercial Manager.

FBG-RR.

Accepted July 13, 1929.

Automatic Electric, Inc., by H. L. Harris.

[fol. 5400] Automatic Electric, Inc., Chicago, Illinois.

DEAR SIRS: Referring to Section VI of the contract entered into by and between International Telephone Sales and Engineering Corporation (called "Sales Corporation") and the undersigned Western Electric Company, Incorporated (called "Western Company), dated May 24, 1927, which has been transferred to and assumed by Auto-

matic Electric, Inc. with the consent of the Western Company:

The undersigned, Western Company, hereby consents and agrees that, in consideration of your acceptance of the conditions and agreements herein contained, the parties owning a majority of the voting stock of Automatic Electric Inc. may sell and transfer all of the said stock (except necessary qualifying shares) to Automatic Products Corporation, a Delaware corporation, and the undersigned hereby waives the right and option given to it by said Section VI to terminate said contract by reason of any such sale and transfer of said stock.

It is understood and agreed, as a condition of the consent hereby given, that in the event a majority of the voting stock of said Automatic Products Corporation shall not be and continue, during the term of said contract, to be owned or controlled by Theodore Gary, A. F. Adams, H. L. Gary and Frank H. Woods, or any of them, or in the event that said Automatic Products Corporation shall sell or otherwise dispose of its said voting stock of Automatic Electric Inc., or any part thereof, or upon the happening of any of the events set forth in said Section VI, except as herein and by our letter of September 27, 1927 to the Sales Corporation specifically consented to, then, in any of the events aforesaid, the undersigned shall have and may exercise the right and option given to it by said Section VI. It is further understood and agreed that, except as herein and heretofore in said letter of September 27, 1927 specifically modified, Section VI shall remain in full force and effect.

When action has been taken on the sale and transfer to which consent is hereby given, you agree to give the undersigned written notice to that effect.

Yours very truly, Western Electric Company, Incorporated, by Edgar S. Bloom, President.

Accepted and agreed to this 14 day of December, 1927.
Automatic Electric, Inc., by H. L. Gary, President.

[fol. 5401] International Telephone Sales and Engineering Corporation, Telephone Building, Kansas City, Mo.

Office of the Vice-President

November 10, 1927.

Western Electric Company, Incorporated, 195 Broadway, New York City, New York.

DEAR SIRS: You are hereby notified that on or about October 13, 1927, the contract entered into by and between the undersigned International Telephone Sales and Engineering Corporation (called Sales Corporation) and Western Electric Company Incorporated (called Western Company) dated May 24, 1927, for the manufacture of step-by-step machine switching apparatus, was, for valuable consideration, assigned and transferred to the Automatic Electric Inc. a Delaware corporation of Chicago, Illinois, (called Incorporated) including all right of Sales Corporation in said contract and interest appurtenant thereto and also all benefits accruing and to accrue to said Sales Corporation under said contract, and Incorporated has, as a further condition of such assignment, assumed and agreed to pay, discharge and perform all obligations of the Sales Corporation set forth in and arising from said contract which have not, prior to such assignment, been discharged and performed by said Sales Corporation.

This notice is given you in accordance with the terms of the written consent given by the Western Company to the Sales Corporation in a letter under date of September 27, 1927.

Yours very truly, International Telephone Sales & Engineering Corp., by H. L. Gary, Vice-President.

HLG:MB.

[fol. 5402] International Telephone Sales and Engineering Corporation, Telephone Building, Kansas City, Mo.

Office of the Vice-President

November 7, 1927.

Western Electric Company, Incorporated,
195 Broadway,
New York, N. Y.

Gentlemen:

Written notice is hereby given to you that the parties owning all of the capital (voting) stock of International Telephone Sales and Engineering Corporation have transferred all of said stock to Automatic Electric Inc., a Delaware Corporation, of Chicago, Illinois.

Said transfer was made by formal Deed of Gift and transfer on or about the 24th day of October, 1927, and this notice of transfer is given to you in compliance with the terms of a certain letter, giving your consent to such transfer, written to the undersigned under date of September 27, 1927. Kindly acknowledge receipt.

Yours very truly, International Telephone Sales and Engineering Corporation, by H. L. Gary, First Vice-President.

HLG:MB.

[fol. 5403] Western Electric Company, Incorporated, Telephone and Telegraph Building, 195 Broadway, New York

Edgar S. Bloom, President

September 27, 1927.

International Telephone Sales and Engineering Corporation, Kansas City, Missouri.

Dear Sirs: Referring to the contract entered into by and between the International Telephone Sales and Engineering Corporation (called "Sales Corporation") and the undersigned Western Electric Company, Incorporated (called "Western Company"), dated May 24, 1927, for the manufacture of step-by-step machine switching apparatus,

the undersigned, at your request and in consideration of your acceptance of the conditions and agreements herein contained, hereby consents and agrees that:

1. The parties owning all of the capital (voting) stock of the Sales Corporation may, at any time they see fit to do so, transfer all or any part, not less than a majority of their said stock to the Automatic Electric Inc. (a Delaware corporation) of Chicago, Illinois, and the undersigned hereby waives the right and option given to it by Section VI of said contract, to terminate said contract by reason of any such transfer of said stock.

2. The Sales Corporation may, at any time, assign and transfer the said contract and all of the Sales Corporation's rights therein and interest appurtenant thereto, including all benefits accruing and to accrue to Sales Corporation under said contract, to the said Automatic Electric Inc. providing and upon condition that the said Automatic Electric Inc. shall assume and agree to pay, discharge and perform all obligations of the Sales Corporation set forth in and arising from said contract that shall not have, prior to such assignment, been paid, discharged and performed by said Sales Corporation.

3. That at any time, the Sales Corporation may transfer to said Automatic Electric Inc. all of its property, rights and assets and may thereafter and after the assignment of said contract as provided in the preceding paragraph "2" be dissolved, provided that before such dissolution, all obligations of the Sales Corporation shall have [fol. 5404] either been paid or shall have been assumed by said Automatic Electric Inc., the undersigned hereby waiving its right and option given to it by Section VI of said contract to terminate said contract by reason of any such transfer by the Sales Corporation of its property and assets, including the assignment of contract mentioned in preceding paragraph "2" hereof.

It is agreed as a condition to the consent hereby given that in the event the Automatic Electric Inc. shall sell or otherwise dispose of the stock of the Sales Corporation which may be transferred to it, or shall permit the Sales Corporation to sell all or any part of its physical assets to others than Automatic Electric Inc., except in the ordi-

nary course of business, or upon the happening of any of the events set forth in said Section VI, except as herein specifically consented to, the undersigned shall have and may exercise the right and option given to it by said Section VI. It is further agreed that except as hereby specifically modified said Section VI shall remain in full force and effect.

When action has been taken on any of the above named matters, you agree to give the undersigned written notice to that effect.

If any additional documents are required to evidence the consent herein given, as might be the case, particularly with respect to the assignment of said contract, such additional documents will be furnished by the undersigned upon request.

Yours truly, Western Electric Company, Incorporated, by Edgar S. Bloom, President.

ECR.

Accepted and agreed to this 27th day of September, 1927.
International Telephone Sales and Engineering Corporation, by H. L. Gary, Vice-President.

[fol. 5405] (Copy)

Memorandum of agreement made this first day of March, 1932, by and between Automatic Electric Company, a Delaware corporation, party of the first part (hereinafter referred to as Automatic) and Western Electric Company, Incorporated, a New York corporation, party of the second part, (hereinafter referred to as Western), to further amend an agreement dated May 24, 1927, between International Telephone Sales and Engineering Corporation and Western and heretofore assigned on the part of International Telephone Sales and Engineering Corporation to Automatic (said agreement as heretofore amended being hereinafter referred to as the 1927 agreement),

Witnesseth:

That for and in consideration of the mutual covenants and conditions hereinafter contained, the 1927 agreement is hereby amended as follows:

1. Western agrees that if it shall be determined that Automatic's profit on the 1931 volume of Western's business (excepting any portion of the P. B. X. equipment authorized by Western to be produced by Automatic and in Automatic's stock on December 31, 1931) was less than $200,000, Western will pay to Automatic an amount equal to the difference between such profit and $200,000. In determining the amount of such profit, the cost of Western's business shall be computed in accordance with the provisions of Exhibit "B" attached to the 1927 agreement and the price basis shall be the guaranteed maximum price in accordance with the provisions of paragraph (b) of Section IV of the 1927 agreement as heretofore in effect.

[fol. 5406] 2. Effective as of January 1, 1932, Section III of the 1927 agreement is amended by striking out paragraph (b) thereof and substituting the following:

"b. It is further agreed that the contract minimum of $2,600,000 for each of the years 1932 to 1936 inclusive, referred to in Section III-a hereof is based in part upon aggregate sales by Western of private automatic exchanges (P. A. X.) and it is further agreed that should Automatic or such other corporation as Automatic may procure to manufacture such exchanges for it, increase the aggregate amount of its or their own sales exclusive of sales, (a) to Western, (b) to operating telephone companies for which Western does not now or hereafter act as purchasing agent and storekeeper under the terms of its standard supply contract and (c) to customers outside of the United States and its possessions, of private automatic exchanges (P. A. X.) beyond $1,000,000 in any calendar year, the said amount of $2,600,000 shall be reduced for the subsequent year by the amount of such excess; provided, however, that in no event shall said amount be reduced by more than $500,000."

3. Effective as of January 1, 1932, Section IV of the 1927 agreement is amended by striking out paragraph (b) thereof and substituting the following:

"b. The prices to be charged by Automatic to Western for each apparatus specified to be delivered during each

of the calendar years 1932 to 1936 inclusive shall be the estimated complete cost thereof as determined for each such calendar year in accordance with the provisions of Exhibit B attached hereto plus 10%.

"Provided, however, that if such estimated complete cost for any particular year shall exceed 148% of the standard cost made effective by the parties as of January 1, 1931, the price to Western for that year shall not exceed 148% of said standard cost plus 10% unless such estimated complete cost plus 5% shall exceed 148% of said standard cost plus 10%, in which event the price shall be such estimated complete cost plus 5%.

"Provided, further, that the P. B. X. equipment authorized by Western to be produced by Automatic and in Automatic's stock on December 31, 1931, may be billed by Automatic to Western immediately upon execution of this [fol. 5407] amendment and shall be billed on the basis of the prices current during the respective years in which by the terms of Western's authorizations the respective portions of said stock were to be produced by Automatic.

"Provided further, that P. B. X. equipment authorized by Western to be produced by Automatic subsequent to January 1, 1932, shall irrespective of the year in which it is specified for delivery be applied on the contract volume of the year in which by the terms of Western's authorization such equipment was to be produced or, at the option of Western, on the contract volume of the year in which such equipment was actually produced. The price to Western for such equipment so applied on the contract volume of any year shall be the price applicable to such year."

4. The letter agreement dated June 25, 1929 is cancelled and terminated as of January 1, 1932, and it shall have no future effect as an amendment of the 1927 agreement except insofar as Automatic thereby waived the provisions of the second paragraph of Section IV (b) of the 1927 contract, said paragraph being now omitted from Section IV (b) as hereinabove amended.

In witness whereof the parties have caused these presents to be executed by their officers thereunto duly author-

ized and their corporate seals to be hereto affixed the day and year first above written.

Automatic Electric Company, by (Sgd.) W. F. Benedist, President. Attest: (Sgd.) E. S. Hartwick, Asst. Secretary. Western Electric Company, Incorporated, (Sgd.) by Edgar S. Bloom, President. Attest: (Sgd.) H. B. Gilmore, Secretary.

[fol. 5408] DIGEST OF EXHIBIT X-359

This is a contract dated March 26, 1921, between International Telephone Sales and Engineering Corporation and Western Electric Company, Inc., amending the contract between the parties dated June 19, 1919, in which contract the Sales Corporation agreed to manufacture and deliver to Western, and Western agreed to order and take from Sales certain quantites of automatic telephone apparatus over a period of five years. In this amendment, Sales Corporation agrees to manufacture and deliver and Western agrees to order and take such quantities of apparatus and equipment as will, when added to the quantity required to be delivered under the original contract, amount at its sales price to not less than $3,300,000 and not more than $3,900,000 for any twelve consecutive months.

[fol. 5409] EXHIBIT X-360

Copy

June 6, 1927.

Memorandum Regarding Letter of May 26, 1927, from Edgar S. Bloom, President of Electrical Research Products, Inc., to H. L. Gary, Kansas City, Mo.

The figure of four million dollars was arrived at on the basis that the payment was fully warranted for the assets involved, and consideration was also given to the volume of business which the Automatic Electric would receive up

to the end of 1930, and profits which would result therefrom, as follows:

Year	Minimum volume contract of May 24/27 at A. E. 1925 prices	Est. annual vol. of business: At A. E. Co. 1925 Prices	Est. annual vol. of business: At proposed prices in contract of May 24, 1927	A. E. Co. profit on est. vol. under contract of May 24/27
1927	$3,300,000	$5,300,000	$4,523,000	$694,000
1928	3,300,000	4,700,000	4,313,000	674,000
1929	3,300,000	3,380,000	3,137,000	520,000
1930	2,600,000	2,800,000	2,492,000	325,000

The payment of four million dollars was agreed upon after the Gary interests had estimated the probable results under the contract on the basis of the minimum volume of business per year as set forth above and as in the contract. It was stated, however, to Mr. H. L. Gary that in our judgment the volume would undoubtedly be somewhat greater than the minimum so that the results would probably be more attractive than he had figured on the basis of the minimum figures.

The figures given above covering estimated volume of business and A. E. profit on that volume were made up by us for our own purposes and they were not given to Mr. Gary or used as a basis in arriving at the figure of four million dollars. They were merely used by us in order that we might have some idea as to how much better the results would probably be than the results estimated by the Gary interests on the basis of the minimum volume of business.

In any event, the minimum volume of business and profits resulting therefrom are not alone controlling, and if any claims should be made for reduction in the four million dollar item account must be taken not only of reduction in volume of business, if any, below the minimum volume given in the contract, but also the general results.

In other words, any reduction below the four million dollar figure should be based on very definite facts, both as to the results from business obtained from us, and also from others.

[fol. 5410] EXHIBIT X-361

Copy

May 26, 1927.

Electrical Research Products, Inc., 195 Broadway, New York City,

GENTLEMEN: Pursuant to the arrangement between us and for value received, we are paying you herewith the sum of

Five hundred thousand ($500,000.00) dollars, and agree to pay you the following amounts at the times stated opposite each:

(1)	January 1, 1928	$500,000
(2)	January 1, 1929	500,000
(3)	January 1, 1930	500,000
(4)	January 1, 1931	350,000
(5)	January 1, 1932	350,000
(6)	January 1, 1933	350,000
(7)	January 1, 1934	350,000
(8)	January 1, 1935	300,000
(9)	January 1, 1936	300,000

It is agreed that no interest charges are to accrue with respect to items numbered (1), (2) and (3) above, unless these items are not paid on their due dates, in which event they shall bear interest from their respective due dates until paid, at the rate of 6% per annum payable quarter-yearly on April 1st, July 1st, October 1st and January 1st of each and every year, and that if we pay any or all of the items numbered (1), (2) and (3) above before their respective due dates we may deduct an amount equal to 6% per annum on the amount so paid from the date of payment to the due date of the item paid. It is further agreed that no interest shall accrue with respect to items numbered from (4) to (9) inclusive until January 1, 1930, on and after which date they shall bear interest at the rate of 6% per annum payable quarter-yearly as aforesaid, and that if we pay any or all of said last six items and the interest accrued thereon (if any) before their respective due dates we may deduct an amount equal to 6% per annum on the principal amount so paid from the date of payment to and including December 31, 1929, but no deduction is to be allowed us in the event of payment after January 1, 1930.

[fol. 5411] As security for the payment by us of the above listed items and interest, we herewith deposit with you Sixty Thousand (60,000) shares of preferred stock without par value of Automatic Electric Inc., a Delaware Corporation, and we hereby give to you, or your assigns, complete authority to sell said stock or any part thereof, or any stock which may be given as additional security hereunder, at your option, or at the option of your assigns, on or at any time after the non-payment of any of said amounts at maturity, at

either public or private sale and without advertising the same or otherwise giving to us any notice of any kind, and to apply the proceeds of any such sale to the payment of said amounts and interest thereon (if any is payable) together with all costs, attorneys' fees and expenses of such sale.

We agree that in the event Automatic Electric Inc. issues additional preferred stock or any other stock having rights equal or superior to the stock hereby deposited, prior to the full payment of the items herein listed, such additional stock shall be immediately deposited with you as security hereunder.

We agree that in the event that the sale of stock deposited as security hereunder shall be insufficient to pay the principal and interest, together with all costs, attorneys' fees and expenses incurred by you in connection with any sale thereof, we will pay to you, or your assigns, the amount of such deficiency forthwith after such sale, with interest thereon at the rate of 6% per annum.

We agree that in the event that we default in the payment of any of the above items as and when the same become due, all of the items then remaining unpaid shall thereupon become due and payable, together with interest as herein provided.

We agree that if any bonds, notes, debentures or other evidences of indebtedness are made a prior lien to the preferred stock deposited as security hereunder, or if such pre- [fol. 5412] ferred stock is called for redemption, the balances then remaining unpaid upon any of the items above listed shall thereupon become due and payable, together with interest as herein provided.

Yours very truly, International Telephone Sales and Engineering Corporation, by (Sd.) H. L. Gary, Vice-President.

Accepted, May 26, 1927.

Electrical Research Products, Inc., by (Sd.) Edgar S. Bloom, President.

[fol. 5413] EXHIBIT X-362

Assignment

For valuable consideration, the undersigned International Telephone Sales and Engineering Corporation

hereby assigns and transfers to Automatic Electric Inc. that certain contract dated May 24, 1927, between International Telephone Sales and Engineering Corporation (hereinafter called the Sales Corporation), party of the first part, and Western Electric Company Incorporated (hereinafter called the Western Company), party of the second part, whereby the Sales Corporation agrees to manufacture or cause to be manufactured for the Western Company, and the Western Company agrees to purchase from the Sales Corporation, step-by-step machine switching telephone apparatus for a period of ten (10) years from January 1, 1927, including in this assignment all the rights of the Sales Corporation in said contract and interest appurtenant thereto, and all benefits accruing and to accrue to the Sales Corporation under said contract; and the undersigned Automatic Electric Inc. shall and does hereby assume and agree to pay, discharge and perform all obligations of the Sales Corporation set forth in and arising from said contract that have not, at the date of this Assignment, been paid, discharged and performed by the Sales Corporation.

The undersigned Western Company hereby consents to the assignment of said contract as hereinbefore set forth.

Dated this 13th day of October, A. D. 1927.

International Telephone Sales and Engineering Corporation, by (Sgd.) H. L. Gary, Vice-President. Attest: (Sgd.) M. J. Ryan, Asst. Secretary. Automatic Electric, Inc., by (Sgd.) H. L. Harris, Vice-President. Attest: (Sgd.) Walter I. Patton, Secretary. Western Electric Company, Incorporated, by (Sgd.) Edgar A. Bloom, President. Attest: (Sgd.) H. B. Gilmore, Secretary.

ECP.

[fol. 5414] EXTRACTS FROM EXHIBIT X-363

Agreement Between International Telephone Sales and Engineering Corporation and Western Electric Company, Incorporated

Dated March 21, 1924

[fol. 5415] Memorandum of agreement, made and entered into this 21st day of March, 1924, by and between The In-

ternational Telephone Sales and Engineering Corporation, a corporation organized and existing under the laws of the State of Delaware, party of the first part (hereinafter referred to as the Sales Corporation), and Western Electric Company, Incorporated, a corporation organized and existing under the laws of the State of New York, party of the second part (hereinafter referred to as the Western Company).

Whereas, the Western Company desires to arrange with the Sales Corporation for the manufacture of step by step machine switching telephone apparatus (hereinafter referred to as said apparatus), to assist the Western Company in supplying the needs of the telephone companies comprising what is commonly known as the Bell Telephone System, and the Sales Corporation is willing to procure the manufacture of said apparatus upon the terms and conditions hereinafter provided.

Now, therefore, this agreement witnesseth:

That for and in consideration of the sum of One Dollar ($1.00) by each of the parties to the other duly paid, receipt whereof is hereby acknowledged, and of the mutual covenants and conditions hereinafter contained, the parties have agreed as follows:

Section I. Subject-matter.—The Sales Corporation shall manufacture or cause to be manufactured for the Western Company, and the Western Company shall purchase from the Sales Corporation, the quantities hereinafter provided of said apparatus, the general types and kinds of which are indicated on the list of apparatus hereto attached, marked Exhibit A, and hereby made a part hereof. The Western Company reserves the right to modify, supplement or otherwise change said list so as to include additional or modified types and kinds of apparatus therein or to exclude therefrom any of the types and kinds therein described, and upon the Western Company so modifying or [fol. 5416] supplementing said list the apparatus included therein as so modified or supplemented shall be deemed to be covered by all of the provisions of this agreement.

[fol. 5417] Section IV.—Price, Invoicing and Payment.—

a. The price to be charged by the Sales Corporation to the Western Company for said apparatus delivered as provided in Section II-c hereof shall be the estimated complete

cost thereof to the Sales Corporation as hereinafter defined, plus 20%.

The estimated complete cost to the Sales Corporation of said apparatus, upon which its price to the Western Company is to be determined, shall be made up of the factors defined and set forth in the appendix hereto attached, marked Exhibit B, and by this reference made a part hereof.

Said prices to the Western Company shall be determined annually, and the Sales Corporation shall submit to the Western Company on or before the first day of October, 1924, and on or before the first day of October of each subsequent year during the term hereof, except the last, lists, in the form prescribed by the Western Company, indicating its prices of said apparatus. Prices shown on said list, and the factors upon which such prices are determined, shall be subject to audit by the Western Company, and upon acceptance of such prices by the Western Company the same shall obtain for orders covering said apparatus scheduled by the Western Company for delivery during the ensuing calendar year, beginning the following January first, and the said prices shall not be, in respect of apparatus supplied under the Western Company's orders scheduled by the Western Company for delivery during such period, subject to any adjustment to take care of any deficit or surplus realized by the Sales Corporation as a result of any inaccuracy of the Sales Corporation's cost estimates.

The Western Company shall accept or reject the prices submitted by the Sales Corporation within sixty (60) days after the same have been submitted by the Sales Corporation and in the event of rejection, the prices then in effect shall prevail from the following January 1st until such time as new prices are determined by arbitration or agreement, at which time billings from said January 1st shall be adjusted accordingly.

[fol. 5418] The prices to the Western Company of changed, modified or additional apparatus resulting from the Western Company's exercise of its right to supplement the list of apparatus hereto attached, as provided in Section I hereof, or to change the specifications covering said apparatus, as provided in Section II-d hereof, shall be determined in accordance with the provisions of this section, IV-a, of this agreement, and upon being so determined pur-

suant thereto such prices shall obtain for orders covering the remainder of said calendar year in which the said lists are so supplemented and/or specifications are so changed.

[fol. 5419] b. The Sales Corporation agrees that it will at its own expense, upon request of the Western Company, defend any and all actions and suits that may at any time (without limitation to the term of this agreement) be brought against the Western Company or its customers or users of apparatus furnished at any time by the Sales Corporation to or upon order of the Western Company, on account of any infringement or alleged infringement of patents by reason of the use or sale of the apparatus so furnished, and the Sales Corporation agrees to indemnify and save harmless the Western Company and its customers and users of said apparatus from all loss, damage, liability and expense on account of any such infringement or claim of infringement.

Provided, however, that the Sales Corporation shall have been given prompt notice of such actions, suits or claims of infringement and full opportunity to defend the same, and

Provided further that the agreements in this paragraph contained shall not apply to any infringement or claim of infringement relating solely to inventions or features specially prescribed or specified by the Western Company for the apparatus to be furnished hereunder which inventions or features are not (at the time of sale of said apparatus) employed or incorporated in the types of system and apparatus theretofore sold by the Sales Corporation or by the Automatic Electric Company to other customers.

[fol. 5420] Section XI.—Term of contract.—This agreement shall continue in force until the 31st day of December, 1929.

[fol. 5421] In addition to the parts of this contract printed in full above, it contains, in substance, the following additional provisions:

Recitals and Section I printed in full above (pp. 3-4).

Sect. II. This section contains the details of the method of ordering and delivering products (pp. 4-6).

Sect. III. Apparatus ordered by Western at prices established for the year 1925 shall not be less than $3,300,000 for each calendar year. Western may order more appa-

ratus and Sales Corporation will furnish it so far as it may and at the same time supply the requirements of its other customers (p. 6).

Sect. IV—A. Printed in full above.

B. Specifies the time of invoicing and payments (pp. 7-8).

Sect. V. Western shall from time to time advance to Sales at its request amounts not in excess of 73% of the price to the Western of apparatus desired by Western during the next succeeding twelve months' period. Sales Corporation shall pay interest at the rate of 7% per annum on the average balance of the amount advanced to Sales (pp. 8-9).

Sect. VI. Provides for the marking of the apparatus purchased by Western hereunder.

Sect. VII. In paragraph "A" the Sales Corporation warrants the apparatus sold and others reserved to Western Electric the right to reject apparatus subject only to appeal to arbitration.

Paragraph "B" printed in full above (pp. 10-12).

Sect. VIII. Limits liability in the case of non-performance because of strikes, etc.

Sect. IX. Governs the construction in contract and provides for arbitration.

Sect. X. Gives addresses for notices (pp. 12-14).

Sect. XI. Exhibit A is a list of general types of counts of step-by-step machine switching telephone apparatus indicating the items in respect of which authorizations will be given as provided in the contract (pp. 15-18).

Exhibit B prescribes a method to be employed by the Sales Corporation in determining the estimated complete cost of apparatus pursuant to Section 4 of the agreement (pp. 18-43).

In general the method is by use of Standard Shop Costs.

[fol. 5422] EXTRACTS FROM EXHIBIT X-364

Memorandum of agreement, made and entered into this 24th day of May, 1927, by and between International Telephone Sales and Engineering Corporation, a corporation organized and existing under the laws of the State of Delaware, party of the first part (hereinafter referred to as the Sales Corporation), and Western Electric Company, In-

corporated, a corporation organized and existing under the laws of the State of New York, party of the second part (hereinafter referred to as the Western Company):

Whereas, under date of March 21, 1924, the Western Company entered into an agreement with the Sales Corporation for the manufacture of step by step machine switching telephone apparatus, hereinafter referred to as said apparatus, which agreement was for a period ending December 31, 1929, which agreement is hereinafter referred to as the contract of March 21, 1924; and

Whereas, the parties hereto desire to terminate such agreement and to enter into a new arrangement for a period from January 1, 1927, to December 31, 1936, for the manufacture of said apparatus to assist the Western Company in supplying the needs of the Telephone Companies for which the Western Company acts or may hereafter act as purchasing agent and storekeeper under the terms of its standard supply contract; and the Sales Corporation is willing to procure the manufacture of said apparatus upon the terms hereinafter provided;

Now, therefore, this agreement witnesseth:

That for and in consideration of the sum of One ($1.00) Dollar by each of the parties to the other duly paid, receipt whereof is hereby acknowledged, and of the mutual covenants and conditions hereinafter contained, the said contract of March 21, 1924, is hereby terminated as of the first day of January, 1927, except such parts thereof as provide for schedules, authorizations and orders covering purchases of said apparatus for the year 1927, and the parties have further agreed as follows:

Section I. Subject-matter.—The Sales Corporation shall manufacture or cause to be manufactured for the Western Company, and the Western Company shall purchase from the Sales Corporation, the quantities hereinafter provided of said apparatus, the general types and kinds of which are indicated on the list of apparatus hereto attached, marked Exhibit A, and hereby made a part hereof. The Western Company reserves the right to modify, supplement or otherwise change said list so as to include addi- [fol. 5423] tional or modified types and kinds of apparatus therein or to exclude therefrom any of the types and kinds therein described, and upon the Western Company so modifying or supplementing said list, the apparatus included

therein as so modified or supplemented shall be deemed to be covered by all of the provisions of this agreement.

* * * * * * *

Section IV. Price, Invoicing and Payment.—a. The prices to be charged by the Sales Corporation to the Western Company for said apparatus specified to be delivered during the calendar years 1927, 1928 and 1929 shall be the estimated complete cost (as hereinafter defined) to the Sales Corporation for the periods hereinafter specified in this section, plus 20%; provided however, that if the contract minimum specified in Section III hereof is exceeded in any of said years, the prices to be charged by the Sales Corporation to the Western Company on all such excess shall be such estimated complete cost thereof to the Sales Corporation plus 15%.

The estimated complete cost for the twelve months ending August 31, 1926, as heretofore agreed to by the parties hereto, shall be used in determining prices for the year 1927.

The Sales Corporation shall submit to the Western Company on or before the fifteenth day of October, 1927, and on or before the fifteenth day of October, 1928, lists in the form prescribed by the Western Company, indicating the Sales Corporation's estimated complete cost of said apparatus for the cost year ending August 31st preceding, which estimated complete cost shall be subject to audit by the Western Company, and upon acceptance of such estimated complete cost by the Western Company, the same shall be used in determining the prices for said apparatus scheduled by the Western Company for delivery during the ensuing calendar year, beginning the following January first.

The Western Company shall accept or reject the estimated complete cost submitted by the Sales Corporation within sixty (60) days after the same has been submitted by the Sales Corporation, and in event of rejection, the estimated complete cost then in effect shall form the basis of prices from the following January first until such time as new prices are determined by arbitration or agreement, at which time billings from said January first shall be adjusted accordingly.

b. The prices to be charged by the Sales Corporation [fol. 5424] to the Western Company for said apparatus specified to be delivered during each of the calendar years 1930 to 1936 inclusive shall be the estimated complete cost thereof, as determined for each such calendar year in accordance with the provisions of Exhibit B attached hereto, plus 15%.

Provided, however, that if the estimated complete cost of said apparatus specified for delivery in any of the calendar years 1930 to 1936 inclusive falls below the 1927 estimated complete cost of the same kinds and quantities of apparatus, the price for the said apparatus shall be the estimated complete cost for the particular year plus 15% plus one-half the difference between said estimated complete costs above referred to.

Provided, further, that if the Western Company places orders with the Sales Corporation specifying deliveries of said apparatus for any year after 1929 in an amount which, calculated at the prices established for the calendar year 1925 under the contract of March 21, 1924, between the parties hereto, aggregate $3,000,000 or more, and if the estimated complete cost applicable to the particular year, plus 15%, exceeds standard cost (which shall be taken to mean the standard cost established under the terms of the contract of March 21, 1924 and in effect between the parties hereto at the date hereof) plus 18%, then and in that event the price to the Western Company on such orders shall not exceed said standard cost plus 18% unless the estimated complete cost of said apparatus supplied on such orders exceeds said standard cost plus 18%, in which event the price to the Western Company for said apparatus so supplied shall be the estimated complete cost.

c. The prices to the Western Company of changed, modified or additional apparatus resulting from the Western Company's exercise of its right to supplement the list of apparatus hereto attached, as provided in Section I hereof, or to change the specifications covering said apparatus, as provided in Section II-d hereof, shall be determined in accordance with the provisions of this Section.

* * * * * * *

Section VI. Termination of Contract.—This contract, being based to a large extent upon the existing personal

relationship between the Western Company and the parties owning a majority of the voting stock of the Sales Corporation and Automatic Electric Inc., and the confidence which the Western Company has in the policies established [fol. 5425] by them, it is hereby agreed that in the event that the present owners shall sell or otherwise dispose of all or a majority of the voting stock of the Sales Corporation or of the Automatic Electric Inc., or shall permit either of said corporation to sell all or any part of their physical assets, except in the ordinary course of business, then at such time the Western Company shall have the option, to be exercised at any time within one year following notice from the Sales Corporation of such change, which notice shall be given within thirty (30) days after such change becomes effective, to terminate this contract, provided that existing orders placed with the Sales Corporation before such termination shall be manufactured and delivered to the Western Company in accordance with the terms of this contract; and upon such termination the Sales Corporation agrees to refund to the Western Company any and all amounts and advances paid to it in accordance with the terms of Section V of this contract, except so much as is necessary to complete the then existing orders above referred to, and the Western Company shall be saved harmless from any law suits or damages as a subsequence of said termination.

In the event that this contract is terminated for the reasons aforesaid, the Sales Corporation agrees and guarantees that it will obtain for the Western Company from such corporation as may then have the right to manufacture and sell private automatic exchange (P. A. X.) equipment a contract whereby the Western Company or its nominee will have the exclusive license, subject to licenses outstanding at the date thereof, under any and all patents appertaining thereto, to manufacture and sell said equipment within the United States and its possessions during a period of ten (10) years to begin with the date of termination of this contract as aforesaid, except that such contract shall not extend or have any application to sales of such equipment to operating telephone companies for which the Western Company does not now or hereafter act as purchasing agent and storekeeper under the terms of its standard supply contract.

It is further agreed that in further consideration for such exclusive license contract, the Western Company shall pay to the Sales Corporation or its nominee a royalty of two and one-half (2½%) per cent of the net sales price of all of said equipment sold by it under the said exclusive license contract.

* * * * * * *

(b) The Sales Corporation agrees that it will at its own [fol. 5426] expense, upon request of the Western Company, defend any and all actions and suits that may at any time (without limitation to the term of this agreement) be brought against the Western Company or its customers or users of apparatus furnished at any time by the Sales Corporation to or upon order of the Western Company, on account of any infringement or alleged infringement of patents by reason of the use or sale of the apparatus so furnished, and the Sales Corporation agrees to indemnify and save harmless the Western Company and its customers and users of said apparatus from all loss, damage, liability and expense on account of any such infringement or claim of infringement.

Provided, however, that the Sales Corporation shall have been given prompt notice of such actions, suits or claims of infringement and full opportunity to defend the same; and

Provided further that the agreements in this paragraph contained shall not apply to any infringement or claim of infringement relating solely to inventions or features specially prescribed or specified by the Western Company for the apparatus to be furnished hereunder which inventions or features are not (at the time of sale of said apparatus) employed or incorporated in the types of systems and apparatus theretofore sold by the Sales Corporation or by the Automatic Electric Inc., to other customers.

* * * * * * *

Section XII. Term of Contract.—This agreement shall be effective as of the first day of January, 1927, and shall continue in force until the 31st day of December, 1936.

In witness whereof the parties have caused these presents to be executed by their officers thereunto duly author-

ized and their corporate seals to be affixed the day and year first above written.

International Telephone Sales and Engineering Corporation, by H. L. Gary, Vice-President. Attest: A. B. Simons, Secretary. Western Electric Company, Incorporated, by Edgar S. Bloom, President. Attest: H. B. Gilmore, Secretary.

[fol. 5427] In addition to the provisions of contract quoted in full above it contains, in substance, the following additional provisions:

Section I. Sales Corporation shall manufacture and Western shall purchase apparatus of general types and kinds indicated in Exhibit A. Western reserves the right to modify, supplement or change said list (p. 2).

Section II. Provides special features and details of the manufacture of equipment and specifications therefor (pp. 2-4).

Section III. (a) Amounts ordered for each of the years 1927, 1928, and 1929 shall be not less than $3,300,000 calculated at prices for the year 1925 as established in the contract of 1924. Amounts for each of the years 1930 to 1936, inclusive, shall be not less than $2,600,000 calculated at the same prices. Additional quantities shall be furnished Western by the Sales Corporation so far as it can and at same time supply requirements of its other customers.

(b) States that amounts specified are based in part upon aggregate sales by the Western of private automatic exchanges and if the Sales Corporation shall increase the aggregate amount of its own sales (exclusive of sales to the Western or other telephone companies for whom Western does not act as agent under terms of the Standard Supply Contract to customers outside of the United States or its possessions) of private automatic exchanges beyond $1,000,000 in any calendar year the said minimum amounts shall be reduced for the subsequent year by the amount of such excess but not exceeding $500,000 (pp. 5-6).

Section IV. In addition to the provisions of the section set forth in full above it deals with the following:

Provides for the time and payment of invoices.

Provides that the prices to be shared by Sales Corporation shall be the estimated complete cost of apparatus to the Western plus 15%. The complete cost shall be determined in the manner set forth in Exhibit B.

Provides that notwithstanding anything to the contrary herein contained the prices to the Western for apparatus shall be as favorable as prices charged the Sales Corporation's most favored customer.

Provides that coded apparatus purchased from Western by Sales Corporation for use in connection with orders placed by Western shall be rebilled to Western at the same prices without the addition of any percentage for profit but with a service charge of 6%.

Provides that the estimated complete cost for each of the years 1930 to 1936 (inclusive), shall be submitted to the Western for audit by them (pp. 6-10).

Section V. Requires advance from Western at request of Sales Corporation of amounts, not in excess of 73% of the price of apparatus desired by the Western during the twelve months' period following said advance. Details the method of determining said amounts and provides for the payment by Sales Corporation of interest at the rate of 6% per annum thereon (pp. 10-11).

Section VI. Quoted in full above (pp. 12-13).

[fol. 5428] Section VII. Provides for markings on apparatus covered by the contract (pp. 13-14).

Section VIII. (a) Sales Corporation warrants apparatus will be of suitable material and properly manufactured and subject to rejection by Western and its decision shall be final unless Sales Corporation appeals to arbitration.

(b) Set forth in full above (pp. 14-16).

Section IX. Releases liability in case of delay caused by strikes, etc., and provides for adjustment of prices in case of war (p. 16).

Section X. Covers the construction of the contract.

Section XI. Covers addresses for mailing under the contract (pp. 17-18).

Section XII. Set forth in full above.

Exhibit A. Is a list of general types and kinds of step-by-step machine switching telephone apparatus covered by the contract (pp. 20-22).

Exhibit B. Specifies method to be employed by the Sales Corporation in determining estimated complete cost under

the contract. In general, it is determined on the basis of Standard Shop Costs.

[fol. 5429] EXTRACTS FROM EXHIBIT X-365

Advertisements of A. T. & T. the Cost of Which was Charged by the Plaintiff as Part of the Costs of Rendering the License Contract Services

February, 1931

What is the A. T. & T.?

All that most people see of the telephone company are a telephone and a few feet of wire.

But through that telephone you can talk with any one of millions of people, all linked together by the web of equipment of the Bell System.

All its efforts are turned constantly to one job—to give better telephone service to an ever-increasing number of people, as cheaply as it possibly can.

The American Telephone and Telegraph Company provides the staff work for the Bell System. To it the operation of the telephone service is a public trust. It pays a reasonable dividend to its stockholders * * * and uses all earnings beyond that to improve and extend the service.

There are more than 550,000 stockholders, and no one person owns so much as one per cent of its stock.

The Bell System operates through 24 regional companies, each one attuned to the needs of its particular territory. In addition, the 5,000 members of the Bell Laboratories staff do the scientific work which makes it possible to improve and widen the service at least cost to its users. The Western Electric Company, which manufactures for the Bell System, specializes in the economical production of telephone equipment of the highest quality.

All these facilities are directly available throughout the entire Bell System, at any time or place. * * * Because of them, every dollar that you spend for telephone service brings you constantly greater value and convenience.

* * * * * * *

April, 1930

The Bell Telephone Company of Your Town

An Advertisement of the American Telephone and Telegraph Company

It has its home in your town. Its operators are the [fol. 5430] daughters of your neighbors. Its various departments are in the hands of your own citizens, with years of training in telephone engineering and management. Who owns the Bell System? 450,000 people scattered over the United States own the stock of the American Telephone and Telegraph Company and 250,000 own other securities of the Bell System.

No matter how small the part of the Bell System that serves you, it has behind it research, engineering and manufacture on a national scale. The Bell System operates through 24 companies, each designed to fit the particular area it serves—to furnish the highest standard of service in a manner personal to the needs of every user.

Serving each of these 24 operating companies is the staff of the American Telephone and Telegraph Company, which is constantly developing better methods of telephone communication.

Each draws on the findings of the Bell Laboratories, one of the greatest institutions of its kind in the world, for the continual scientific improvement of telephone service. Each has the benefit of the buying power and specialized manufacturing processes of the Western Electric Company, which supplies telephone apparatus of the highest quality and precision for the entire Bell System. Each takes advantage of every improvement in practice, equipment and economy.

The Bell System's ideal is to give all of the people of this nation the kind of modern, convenient telephone service that they want, over its wires to connect them one with another and with the telephones of the rest of the world. It is your telephone company, at your service with every resource that it commands.

December, 1928

Where Working Together is Everything

An Advertisement of the American Telephone and Telegraph Company

It is the aim of the Bell System that any one anywhere in the country can pick up a telephone and talk to any one anywhere else clearly and without delay. That is the meaning of universal service. To provide it, the means of telephoning must be uniformly good. Each of the 24 operating companies of the Bell System has full access to all the improvements and methods that are continually being made. [fol. 5431] There are 5,000 workers on the staffs of the American Telephone and Telegraph Company and the Bell Laboratories whose sole occupation is to develop constantly improving methods and equipment for the 350,000 employees of the Bell System to use in serving the public. The results of the efforts are evident, not only in the extension of telephone service across the Atlantic, but in the constantly improving local and long distance service at home.

The very nature of the telephone business necessitates a single interconnected system. The American Telephone and Telegraph Company accepts its responsibility for a nation-wide telephone service as a public trust.

It is fundamental in the policy of the Company that all earnings after regular dividends and a surplus for financial security be used to give more and better service to the public.

October, 1928

5,000 People Whose Sole Job Is Bettering Your Service

An Advertisement of the American Telephone and Telegraph Company

The very nature of the telephone business necessitates a single inter-connected system. The American Telephone and Telegraph Company accepts its responsibility for a nation-wide telephone service as a public trust.

It also accepts responsibility for the safety of the funds invested in it by more than 420,000 persons in every walk of life. From the time of its organization it has never missed paying a regular dividend, so that investors rightly

feel assurance in providing money for the growth of the business.

It is the policy of the company to use all income, beyond that necessary to pay regular dividends and maintain a surplus for financial stability, to improve and extend the service. Because of the nature of the business, speculative profits have no place in it.

The Bell System maintains in its research, engineering and business staffs and in the Bell Laboratories 5,000 workers—in a total of 350,000 employees—whose sole occupation is to improve the telephone art and to make these improvements instantly available throughout the nation. These workers are a guaranty of continued progress in furnishing the public a constantly improving telephone service at the lowest possible cost.

[fol. 5432] September, 1930

They Use It, They Believe in It, They Own It

An Advertisement of the American Telephone and Telegraph Company

The Bell Telephone System is representative of the new type of ownership in American business, and of the responsibility to further the nation's welfare and prosperity which such an institution accepts.

Some 500,000 men and women, in nearly every town and city in the country, own the stock of the American Telephone and Telegraph Company. The average number of shares per stockholder is thirty. No single individual owns as much as one per cent of the total capital stock. The company pays only a regular, reasonable dividend, which it has not missed paying since its incorporation. Earnings beyond that go into the extension and improvement of the telephone service.

The Bell System is an American institution which consistently builds ahead of the communication needs of the day and year. Its construction program for 1930 requires the expenditure of approximately 700 million dollars.

The scope, speed and accuracy of its service is dependent on the constant research of more than 5,000 scientific workers, new methods of operation and construction, and the co-ordinated efforts of more than 450,000 widely scat-

tered employees. All its efforts are centered on giving the public a steadily improving telephone service at the lowest possible cost. This is the accepted responsibility of the Bell System.

* * * * * * *

October, 1926

Building on the Telephone Principle

Fifty years ago Alexander Graham Bell discovered the principle of the telephone. His first telephone employed wire as the connecting path over which words passed. Four years later he used a beam of light instead of wire to carry speech between telephone instruments.

Today, both wire and wireless telephony are employed on every hand in the service of the nation. Wire telephony, with its thousands of central offices, its complex switchboards and millions of miles of wire, envelops the country, carrying for the American people 70,000,000 conversations every day. Wireless telephony is broadcasting entertain- [fol. 5433] ment and carrying important information to the remotest regions.

But new applications of the telephone principle are still being found. In the loud speaker, in the deaf set, the electrical stethoscope, the improved phonograph, the telephone principle has been adapted by the Bell Telephone Laboratories to the uses of the physician, the public speaker and the musician. The scientific research and engineering skill, which enable America to lead the world in telephone service, are also bringing forth from the telephone principle other devices of great usefulness.

September, 1928

Where the Bell System's Profits Goes

An Advertisement of the American Telephone and Telegraph Company

There is in effect but one profit paid by the Bell Telephone System. This profit is not large, for it is the policy of the Bell System to furnish a constantly improving telephone service at the least cost to the public.

The treasury of the American Telephone and Telegraph Company receives dividends from the stock of the operating

companies. It receives a payment from the operating companies for research, engineering and staff work. It receives dividends from the Western Electric Company—makers of supplies for the Bell System—and income from long distance operations.

Only one profit is taken from this money in the American Telephone and Telegraph Company's treasury. That is the regular dividend to its stockholders—now more than 420,000 in number—which it has never missed paying since its incorporation in 1885.

Money beyond regular dividend requirements and a surplus for financial stability is used to give more and better telephone service to the public. This is fundamental in the policy of the company.

The Bell System accepts its responsibility to provide a nation-wide telephone service as a public trust.

[fol. 5434] January, 1930

A Reduction in Long Distance Telephone Rates

An Advertisement of the American Telephone and Telegraph Company

On January 1, 1930, there is effective a reduction in various long distance telephone rates in the Bell System which on the present volume of calls means a saving of more than $5,000,000 a year to the telephone-using public in the United States. This is the fourth reduction in long distance rates within a little more than three years. On October 1, 1926, they were reduced by $3,000,000. On December 1, 1927, a reduction of $1,500,000 went into effect. On February 1, 1929, there was a reduction of $5,000,000.

These reductions are in accordance with the aim of the Bell System to continue to furnish the best possible telephone service at the least cost to the public. Earnings must, of course, be sufficient to permit the best possible telephone service at all times and to provide a reasonable payment to stockholders with an adequate margin to insure financial safety. Earnings in excess of these requirements will either be spent for the enlargement and improvement of the service, or the rates for the service will be reduced. This is fundamental in the policy of the management.

[fol. 5435] How Many Are 421,000 Stockholders?

An Advertisement of the American Telephone and Telegraph Company

On October 15th, American Telephone and Telegraph Company checks representing the 152d dividend were mailed to its 421,000 stockholders. That is the largest number of stockholders of any company in the world.

The American Telephone and Telegraph Company is owned by a great investment democracy.

Its dividend checks are cashed at banks in every state in the Union, by people representing all trades, stations and professions.

No institution is more nationally or publicly owned than the American Telephone and Telegraph Company, which in turn owns more than 91% of the common stock of the operating companies of the Bell national System. The average holding is 26 shares, and no one person owns as much as 1% of the total stock.

The Bell System was developed in the interest of telephone users and is owned by the public that it serves.

Dec., 1927.

[fol. 5436] EXHIBIT X-367

(This document was delivered to the Defendants on June 15, 1932, pursuant to cross-examination of Mr. Gregory on May 25, 1932 (Rec. 3414), together with statement of Mr. Bracelen by letter of June 15, 1932, as follows:

"We understand that as a result of your examination of underlying data of the 1927 profits on A. T. & T. instruments, you request the following additional information:

(a) 1927 results on new A. T. & T. Co. instruments similar in form to previous years results which you have available in the underlying data in your possession.

Copy of statement showing these results is attached (X-367).

(b) Whether shop variation of current cost from standard cost (operating surplus and current underrun applica-

ble to A. T. & T. Co. instruments) was determined in 1927 as in prior years.

In 1927, as in prior years, shop variation applicable to A. T. and T. Co. instruments was determined based on the ratio of standard shop cost of A. T. and T. Company instruments to total standard shop cost of telephone apparatus, of Western Electric manufacture.

(c) Statement as to what investment figures represent and how they have been arrived at.

As explained by Mr. Gregory on the witness stand, investment applicable to American Telephone and Telegraph Company instruments comprises the same items as total investment shown on Exhibits A-77 and A-80, that is, plant at gross value, merchandise at cost or market, whichever is the lower, receivables and cash, less current accounts payable.

The records for the period 1921 to 1926 inclusive, show the investment in merchandise and receivables, applicable to A. T. and T. Co. instruments, except that portion of merchandise representing work in progress which has been apportioned in general on the basis of standard shop cost of sales. Investment in plant, cash and payable for the same period, applicable to A. T. and T. Co. instruments, has been apportioned in general upon the basis of standard shop cost of sales but with respect to plant, the expense loadings on standard shop costs were used.

Records are not available which indicate the method used in determining the apportionment for the period 1916 to 1920 inclusive.

For 1927, average investment was determined on the basis of turnover as indicated for the period 1916 to 1926 inclusive.

The method used brings the same result over the twelve year period, 1916 to 1927 inclusive, as is obtained by taking the turnover on telephone apparatus exclusive of installation and equipment engineering, modified by the use of investment completed instruments."

(Here follows side folio 5437)

EXHIBIT 367

367

B.T.L.

Net Profits Under A.T.&T. estimates

1927

(Dollars in Thousands)

		Source
Sales	4,836	1929 Underlying Data 2.01-9 Report
Basic Gross Profit	1467	" " "
Manufacturing Profit Supplies	128	Based on ratio of Manufacturing profits to Total Telephone apparatus of W.E. under standard Cost (3.8%) Finished standard Cost of sales of AT&T Dept (3.36%)
Total Gross Profits	1595	Underlying Data
Expenses		
Development	567	1929 Underlying Data
Merchandising & General	285	" " "
	852	
Net Profits before Taxes	743	
Federal Taxes	97	at 13% of Net Profits before Tax.
Net Profits	646	
Per Cent Net Profits to Sales	13.4%	
Average Investment	6093	Based on estimate of apparatus for "general" use as of 12/31/26 as shown in underlying data. Such ratio was applied to 1929 sales. To this was added investment
Per Cent Return	10.6	

[fol. 5438] Net Profits Before Deducting Federal Taxes on Sales of New A. T. & T. Instruments in Excess of 20% Over Complete Cost Provided Under 1882 Contract

(Dollars in Thousands)

	(a) Analysis of 1927 Actual Selling Price Based on Estimated Cost	(b) Based on Actual Costs 1927 Selling Price Would Have Been	(c) Difference (a—b)	
Shop Cost	$3,292	$3,241	$51+	1
Development Expense	492	567	75—	2
Distribution Expense	246	285	39—	3
Complete Cost	$4,030	$4,093	63—	4
Profits (20% of Line 4)	806	819	13—	5
Selling Price	$4,836	$4,912	$76—	6
Selling Price (on basis of Col. b)	4,912			7
Profits more than 20% over Complete Cost (6-7)	76			8

[fols. 5439 & 5440] EXHIBIT X-368

Western Electric Company, Incorporated

Number of Shares of A. T. & T. Co. Stock on Which Payments Were Completed by Western Electric Company Employees

1915-1921	37,689
1922	34,875
1923	13,783
1924	15,229
1925	12,372
1926	13,167
1927	25,405
1928	36,989
1929	20,777
1930	53,993
1931	64,430
	328,709

[fol. 5441] A. T. & T. Releases, 7/15/19 to 11/2/31

(This document delivered to Defendants on or about June 6, 1932, together with letter—sent June 15, 1932—in which appears following statement:

"The typed inscription 'Relating to Electrical Research Products Inc. field of business' which appeared on the binder of releases furnished you in accordance with your request, appearing at Tr. pages 2832 and 2834, was stricken our because, while the binder included all the releases relating to Electrical Research Products, Inc. field of business, certain of the releases applied also to fields of business of other companies where Electrical Research Products, Inc. did not have exclusive rights.

You inquire as to whether in the case of 19 releases. * * *"

(These 19 releases are as follows:)

1. Release Aug. 23, 1921, Re: Loud Speaker Equipment—"The Western Electric will pay a royalty of 5% on sales, both domestic and export on the part of the loud speaker telephone equipment manufactured by the Western Electric, whether sold as complete sets or spare parts; except that sales to the A. T. & T. and its licensee companies are excluded from royalty. Receipts from leases are to be classed as sales" (page 8 of Exhibit X-369).

2. Release Dec. 20, 1921, re: Recording of Sound Waves as covered by Sound Recording agreement between the Western Electric and the General Electric, on one side, and the Phone Laboratories, Inc., on the other—"The Western Electric is to pay to the A. T. & T. 5% on the sales price of all apparatus of its own manufacture furnished under this agreement. The Western Electric is to pay to the A. T. & T. 5% of the gross royalty received by the Western Electric Co., Inc., under this agreement" (page 10).

3. Release July 15, 1919, Re: Vacuum Tubes and Related Apparatus—"That it (the Western Electric) pay to the A. T. & T. 10% of the gross price representing the gross selling price of said vacuum tubes" (page 1).

[fol. 5442] 4. Release Nov. 13, 1924, Re: Electrical Recording of Sound for the making of phonograph records—

"That the Western Electric pay to the A. T. & T. a royalty of 5% on all parts of the equipment manufactured by the Western Electric. This royalty is to apply on the sales price of the Telephone Department to the Supply Department of the Western Electric Company. That the Western Electric pay to the A. T. & T. 5% of the gross royalty and/or other payments received by the Western Electric for use of this system and apparatus" (page 21).

5. Release Aug. 11, 1926, Re: Device Similar to #3-A Audiometer—"That the Western Electric pay to the A. T. & T. a 5% royalty on its sales price" (page 36).

6. Release Aug. 11, 1926, Re: Electro-Magnetic Reproducer and Associated Apparatus—"That the Western Electric pay to the A. T. & T. a 5% royalty on its sales price" (page 38).

7. Release Nov. 6, 1926, Re: System in Apparatus for Recording and Reproducing Sound in Coordination, Synchronism or Timed Relation with the Taking and Projection of Pictures—"That the Western Electric, Inc., pay to the A. T. & T. a 5% royalty on its sales price." Also "That the Western Electric pay to the A. T. & T. 33⅓% of the gross royalties and/or other payments received by the Western Electric for the use of these systems and apparatus in the United States" (pages 40-41).

8. Release Jan. 5, 1927, Re: Manufacture for Export Systems and Apparatus for Recording and Reproducing Sound—"That the Western Electric Co., Inc., pay to the A. T. & T. a 5% royalty on the sales price" (page 43).

9. Release Aug. 21, 1928, Re: Electro-Magnetic Reproducer—"That the Western Electric Company pay to the A. T. & T. a 5% royalty on its sales price (page 57).

10. Release May 29, 1929, re: Six Vacuum Tube Amplifiers without Vacuum Tubes to the Commercial Cable Company—"That the Western Electric, Inc., pay to the A. T. [fol. 5443] & T. 5% royalty on its sales price. That the Western Electric pay to the A. T. & T. 33⅓% of the gross royalties and other payments received by the Western Electric, Inc., or its agents, for the use of these systems and apparatus" (pages 64-64).

11. Release Aug. 27, 1929, Re: Manufacture and Sale or Lease within the United States a System and Apparatus for the electrical recording of sound for the making of broadcast sound records, etc.—"That the Western Electric, Inc., pay to the A. T. & T. a 5% royalty on its sales price on all parts of such equipment manufactured by it. That the Western Electric, Inc., pay to the A. T. & T. 33⅓% of the gross royalties and/or other payments received by the Western Electric, Inc., for the use of this system and apparatus" (page 67).

12. Release May 26, 1930, re: #1-B Stethoscope and Similar Devices, etc.—"That the Western Electric, Inc., pay to the A. T. & T. 5% royalty on its sales price" (page 70).

13. Release June 18, 1930, re: Manufacture and sale of vault protection apparatus—"That the Western Electric, Inc., pay to the A. T. & T. 5% royalty on its sales price" (page 71).

14. Release October 14, 1930, re: The right to manufacture, sell or lease, or sell outside the Bell System, Apparatus for the determination of the quantity and quality of Noise, etc.—"That the Western Electric, Inc., pay to the A. T. & T. a 5% royalty on its sales" (page 74).

15. Release Dec. 16, 1930, re: Radio Telephone Equipment to the Motion Picture Industry for communication between Studios and locations where pictures are being made—"That the Western Electric, Inc., pay to the A. T. & T. 5% royalty on its sales price on all parts of each equipment manufactured by it" (pages 78-79).

16. Release Apr. 3, 1931, re: Right to Manufacture and sell any two or more of the following systems, as far as this right has not been extended by previous leases:

[fol. 5444] Public Address Systems.
Sound Picture.
Radio Broadcast Reception.
Music Distribution.
Input Equipment for Radio Broadcasting.

"That the Western Electric, Inc., pay to the A. T. & T. a 5% royalty on its sales price on all parts of each equipment manufactured by it" (pages 81-83).

17. Release June 29, 1931, re: Sale or Lease of Sound Apparatus or Radio Receivers, etc.—

"That the Western Electric pay to the A. T. & T. a 5% royalty on its sales price" (page 87).

18. Release July 23, 1931, re: Sale or Lease of String Oscillographs—

"That the Western Electric pay to the A. T. & T. a 5% royalty upon its sales price" (page 88).

19. Release Aug. 27, 1931, re: Vault Protection Apparatus—

"That the Western Electric, Inc., pay to the A. T. & T. a 5% royalty on its sales price on all parts manufactured by it. That the Western Electric, Inc., should pay to the A. T. & T. a 33⅓% of all royalties or other payments received by the Western Electric, Inc., or its agent, with respect thereto" (pages 90-91).

"Royalties are based on Western Electric Company's sales price only. Wherever these releases provide for a royalty based on sales price, the royalty paid is a per cent of the Western Electric Company's sales price and not a per cent of the sales price by a subsidiary."

[fol. 5445] EXHIBIT X-370

Royalties Received by Western Electric Company, Electrical Research Products, Inc., and Portion Paid to A. T. & T. Company in Accordance with Releases

(This document sent to Defendants June 15, 1932, together with the following statement from Mr. Bracelen:

"I enclose herewith a statement showing by years the royalties received by the Western Electric Company and the Electrical Research Products, Inc., and the portion of such royalties paid to the American Telephone and Telegraph Company for the period 1916 to 1931. No portion of royalties received by the Electrical Research Products, Inc. is paid to the Western Electric Company. In addition to the amount shown on this statement, the Western Elec-

tric Company turned over in 1925, to the American Telephone and Telegraph Company on behalf of the International Western Electric, $5,000 representing the American Telephone and Telegraph Company's share of royalties received by the International Western Electric Company";

and also the following statement from Mr. Bracelen under date of June 22, 1932:

"With reference to * * * royalties in which American Telephone and Telegraph does not participate," these royalties are received from the following sources:

(a) Permalloy and submarine cables.

(b) Reproducing Apparatus outside of the United States.

(c) Under contract with International Standard Electric Corporation and Northern Electric Company, Limited.

(d) From various manufacturing licensees.)

[fol. 5446]

Royalties Received by Western Electric Company, Electrical Research Products, Inc., and Portion Paid to A. T. & T. Company in Accordance with Releases

(Dollars in Thousands)

Western Electric Company

	Total Royalty Received	Royalties in which A. T. & T. Co. does not participate	Royalties in which A. T. & T. Co. does participate	Royalty Paid A. T. & T Co.
1916 to 1924	160	160	0	0
1925	436	144	292	54
1926	2,187	1,452	735	103
1927	227	227	0	0
1928	230	230	0	0
1929	295	295	0	0
1930	340	340	0	0
1931	298	298	0	0
	4,173	3,146	1,027	157

Electrical Research Products, Inc.

1927	1,274	258	1,016	188
1928	1,525	201	1,324	229
1929	2,896	361	2,535	328
1930	4,024	483	3,541	833
1931	3,734	346	3,388	794
	13,453 (A)	1,649	11,804	2,372
	17,626	4,795	12,831	2,529

(A) As shown on Exhibit A–82 large portions of these royalties were distributed to others than the A. T. & T. Co.

[fol. 5447] Royalties Paid by W. E. Co. to A. T. & T. Co. on Sales of Restricted Apparatus Covered by Releases

(Dollars in Thousands)

	Sales	% Royalty	Royalty paid At. T. & F. Co.
1919	180	5	9
1920	6	10	1
	178	5	9
1921	10	10	1
	272	5	14
1922	15	10	2
	1,499	5	75
1923	1,868	5	93
1924	1,565	5	78
1925	1,740	5	87
1926	2,507	5	125
1927	3,222	5	161
1928	10,743 (A)	3½ (A)	376
1929	25,415 (A)	3½ (A)	891
1930	11,039 (A)	3½ (A)	385
1931	4,030 (A)	3½ (A)	140
			2,447

(a) By agreement with A. T. & T. Co. beginning in 1928 the amount of royalties due on sales of restricted apparatus was determined by the application of 3½% to the total Sales of Special Commercial Products to non-Bell customers, instead of 5% of the sales of apparatus which were restricted. This change was made for convenience and to save expense, the amounts being substantially the same.

[fol. 5448] EXHIBIT X-371

American Telephone and Telegraph Company

Miscellaneous Non-operating Revenues (Account 316), Year 1931

Western Electric Company—royalties and analogous items:	
Electrical recording of sound for the making of phonograph records	$19,938
Mechanical reproduction of sound from phonograph records	35,146
Recording and reproducing sound in timed relation with the taking and projection of pictures	902,242
Singer patent (linemen's shields)	1,383
Trailer and winch equipment	679
Carbon monoxide detectors	54
Deflection dynamometers	8
Sales by Western Electric Company of special commercial products	162,048
Total from Western Electric Company	1,121,498
Royalties received from:	
Atlantic Precision Company	817
Cameron Surgical Specialty Company	377
Foote Pierson and Company, Inc	300
Northern Electric Company	2,589
Radio Products Company	2,170
Stromberg-Carlson Telephone Mfg. Co	6,278
Supreme Instruments Corporation	449
Weston Electrical Instrument Corporation	1,077
Miscellaneous Long Lines items	36,116
Other miscellaneous minor items	46
Total	$1,171,717

[fol. 5449] EXTRACTS FROM EXHIBIT X-373

Handbook of Outside Plant Engineering Practices General

American Telephone & Telegraph Co. and Associated Companies

September, 1927

* * * * * * * *

Handbook of Outside Plant Engineering Practices General

Introduction

This handbook is a guide and reference for the plant engineering forces in the general design, use and upkeep of the outside telephone plant. The details of such work applicable to the several kinds of outside plant will be covered in the following handbooks:

Pole Lines,
Underground Conduit,
Block Plant,
Cable,
House Cable,
Aerial Wire,
Trunk and Toll Cable.

The plant engineer should also be thoroughly familiar with approved methods of construction and operation as established in the construction specifications and the company's routines before attempting the solution of any problems in plant engineering.

Since the plant is necessarily scattered over a large territory and the different parts must work together efficiently, standardization is desirable in engineering as well as in construction and maintenance. However, sufficient flexibility must be retained to permit adaptation of the plans to meet the many local conditions affecting each problem, and it is therefore impracticable to specify exact methods for engineering the outside plant. These notes present fundamental principles which are generally applicable and discuss the considerations to be accorded many typical problems encountered by the engineer.

Since the business is continually growing, the design of plant in any locality must include determination of a general and flexible plan of relief and the plant must be designed with sufficient flexibility in type, amount and arrangment to permit of economical readjustment to meet demands for service which are variable and uncertain, both as to amount and location. The consideration of future as well as present adaptability and economy is therefore an underlying principle of all phases of good outside plant engineering.

These exacting requirements call for the greatest ingenuity and foresight in outside plant design and involve careful study of various plans for plant extension and rearrangement with a view to the selection of the most economical and desirable plan. In this work, cost studies and comparisons are important tools for the plant engineer. The discussion of these studies presents, where practicable, bases for short methods of economic selection, the application of which is taken up in the several detail handbooks. It is highly desirable that the plant be engineered on an economic basis, but it must be recognized that such economy includes

consideration of practical and operating features as well as the more definite results of cost studies, and that the final decision in each case requires the exercise of sound judgment on the part of the engineer in weighing the indications of the cost study with all related business or other factors bearing on the problem. In this connection the engineer's attention is particularly directed to the interpretation of cost studies as outlined in Section 127.

Underlying all of these principles and considerations, the engineer must have foremost in his mind the fact that the telephone system exists for the purpose of furnishing service to the public and that the results of his engineering efforts should insure a service which is satisfactory from the subscriber's viewpoint.

This handbook also includes brief descriptions of the principles and proper uses of such closely allied subjects as Commercial Surveys, Traffic Engineering, Fundamental Plans and Accounting, although it is not intended that the plant engineer should undertake work along these lines except as requested by and under the direction of those responsible for these several branches of the telephone work. It will be necessary, however, for him to associate these subjects with his own work and to make use of their several indications and practices in planning the outside plant. Their treatment in this handbook is, therefore, limited to such information as may facilitate complete cooperation with the departments more immediately concerned, in order to attain the greatest efficiency and most accurate results.

. . . . . .

[fol. 5450] Accounting Principles

26. The system of standard telephone accounts in use by Bell System companies embodies four main groups of accounts, namely, the assets, the liabilities, the revenues and the expenses.

27. Assets represent generally that which is owned by and owed to the company and are divided into—

(a) Property assets, consisting of the investment in fixed capital, Section 31, the investment in securities of other companies and the investment in physical property other than plant and equipment used in telephone operations.

(b) Current assets or working assets, consisting of cash, material and supplies and amounts due the company and readily convertible into cash.

(c) Deferred assets, consisting of those not subject to current settlements.

28. Liabilities consist of all debts or obligations, including the company's obligations to its stockholders, and are classified as:

(a) Capital liabilities, consisting of the capital stock which represents ownership of the business, advances from system corporations, and long term debts, such as bonded indebtedness.

(b) Current or working liabilities, representing the obligations falling due in the ordinary course of the business and to meet which cash must be currently provided.

(c) Deferred liabilities, consisting of those not subject to [fol. 5451] current settlement (p. 15).

* * * * * * *

34. The interest during construction account is provided in the fixed capital accounts for interest charges. It is a generally accepted principle that interest upon the moneys devoted to the construction and equipment of the property from the dates of expenditures until the construction is ready for use should be included as an element in the cost of the property. This principle recognizes that there is a definite cost attached to the use of money. In the existing system of accounts no provision is made for adding to the cost of the various classes of property the interest relating thereto. Interest charged to construction is generally computed at the prevailing interest rate on the balance carried in the "Construction Work in Progress" account. The amount so charged to fixed capital is treated as interest revenue.

35. The depreciation reserve account is built up through charges to operating expense. The purpose and use of this account is made clear by considering, in the natural order of their occurrence, the new plant built, repairs, depreciation, old plant removed, cost of removal and salvage.

(a) The cost of building new plant is charged to the proper fixed capital account, whether it represents additions to the system or the replacement of existing plant.

(b) The cost of repairing plant so as to keep it in serviceable condition can not be considered as adding to the value of the property and must be charged to expense.

(c) In spite of constant repairs, every part of the plant will at some time in the future have to be retired either because of deterioration, inadequacy, public requirements, or storms or other casualties. The practice of telephone companies is to make provision during the life of depreciable plant for its retirement for any cause. This is accomplished by making monthly charges for depreciation in the operating expenses throughout the service life of the plant.

(d) Since the accrual thus charged to expense is not itself a cash outlay, the charge must be offset by an equal credit to some account. That account has been designated by the term "Reserve for Accrued Depreciation."

[fol. 5452] (e) As plant is retired, the fixed capital accounts should be accordingly decreased, since the plant is no longer in existence and the books should no longer show it as an asset. The original cost of plant retired is therefore credited to the proper fixed capital account and charged to the depreciation reserve account.

(f) The provision for depreciation, if correctly made, recognizes that there would be some salvage from the majority of old plant when taken out and that the cost of removing old plant so as to recover the salvage would reduce the net value of this salvage. This net salvage value must, then, be credited to the depreciation reserve, or, in other words, the reserve in the end is charged with the net loss of the plant retired from service.

Provision is made in the depreciation reserve for losses resulting from extraordinary casualties. The work of restoring the property is known as extraordinary repairs and its cost is actually charged to the operating expense account. Concurrently the depreciation reserve is charged and operating expenses credited with the total expenditures, including the cost of temporary facilities used in restoring service. Charging the reserve with the total of

such expenditures simplifies the transaction, but requires adjustment with respect to new plant added. This adjustment consists of charging the fixed capital accounts and crediting the reserve with the cost of constructing such plant under normal conditions. The net result is that the reserve is charged on acount of extraordinary repairs with abnormal costs of construction, the cost of temporary facilities and the cost of repairing property damaged but not retired. The reserve is also charged as outlined under (e) and (f) above with the net loss of plant destroyed, replaced or otherwise retired as a result of extraordinary casualties (pp. 16-17).

* * * * * * *

[fol. 5453] 64. The Data in the Provisional Estimate are prepared through the cooperation of all departments of the company and include:

a. The basic forecasts:
1. Estimated line and station growth.
2. Estimated calling rates.
3. Estimated toll usage.

b. Estimated gross additions to plant; original cost of plant to be displaced; the net additions to plant; salvage on the plant displaced and cost of removing it; net charges to the reserves. The estimated gross additions to plant is the measure of construction activities in money and includes additions to care for growth and plant to replace worn-out and obsolete plant. This part of the Provisional Estimate is usually spoken of as the "Construction Program" and includes estimates of the materials and supplies to be manufactured or purchased by the Western Electric Company for the telephone company.

c. Estimated results of operation. The significant items and their relationship may be stated in simplified form as follows:

	Revenues
less)	Expense
equals)	Net telephone earnings
plus)	Sundry net earnings
equals)	Total net earnings
less)	Interest expense

equals) Balance net profits
less) Dividends
equals) Undivided profits
(or balance for corporate surplus)

(NOTE.—"Sundry net earnings" are income other than telephone earnings. Generally speaking, "undivided profits" are added to the company's "surplus" at end of year.)

d. New financing required. This is measured by the difference between estimated capital requirements and estimated resources. The capital requirements are for such items as gross additions to plant, investment in securities of other companies, purchase of existing plant, etc. The resources consist of estimated undivided profits, credits to [fol. 5454] depreciation reserve, returns from the sale of plant, etc. (p. 28).

* * * * * * *

Plant Charges

109. Annual charges comprise the items of expense incident to ownership of plant and those that are incurred each year after its installation to keep it in serviceable condition. They do not generally include purely operating costs. Depreciation, interest, taxes, maintenance, insurance and administration are the items that ordinarily comprise annual charges on telephone plant. The annual charges on any plant are equally and, in some cases, more important than the initial outlay or first cost of installing it; and the relative economies of different types of plant are nearly always studied from the viewpoint of annual charges.

110. Future worth is an amount occurring at some future time, or the cumulation at the end of some definite period of time of an amount placed at compound interest during that period. In the latter case, future worth is computed by application of the compound interest factor for the intervening period. The equation for determination of compound interest factors and factors derived therefrom with several rates of interest and for periods of from 1 to 50 years is shown in Appendix I.

Example: Future worth at end of 10 years, at 7% interest, of:

a. $100 occurring 10 years hence = $100.
b. $100 occurring 3 years hence = 100 x 1.61 = $161. (1.61 = Compound Interest Factor for 7 years.)
c. $100 occurring at once = 100 x 1.97 = $197.

The future worth of an annuity or annual charge for a given period is the sum of the cumulations to the end of the period of the yearly amount taken as occurring successively in each year of the period. The equation for determination of annuity cumulation factors and factors derived therefrom with several rates of interest and for periods of from 1 to 50 years is shown in Appendix IV.

Example: Future worth at end of 10 years of—

a. Annual charge of $100 starting at once = 100 x 13.82 = $1,382.
b. Annual charge of $100 starting 3 years hence = 100 x 8.65 = $865. (8.65 = Annuity cumulation factor for 7 years.)

[fol. 5455] 111. Present worth is an amount occurring at once or an amount which, if placed at compound interest at the start of a definite period of time, will cumulate to a specific sum at the end of that period. In the latter case, present worth is computed by application of the present worth factor for the period. The equation for the computation of present worth factors and factors derived therefrom with several rates of interest and for periods of from 1 to 50 years is shown in Appendix II.

Example: Present worth at 7% interest of:

a. $100 occurring at once = $100.
b. $100 occurring in 10 years = 100 x .51 = $51.

The present worth of an annuity or annual charge for a given period is the sum of the present worths of the yearly amount taken as occurring successively in each year of the period. The equation for computation of the factors for present worth of annuity and factors derived therefrom with several rates of interest and for periods of from 1 to 50 years is shown in Appendix V.

Example: Present worth at 7% interest for 10 years of:

a. Annual charge of $100 starting at once = 100 x 7.02 = $702.

b. Annual charge of $100 starting 5 years hence = 100 (7.02 − 4.10) = $292.

112. An annuity is a fixed amount recurring yearly as a charge or credit. Annual charges, Section 109, are therefore in the form of annuities. Other costs and charges occurring at particular times may be converted into equivalent annuities. That is, a future worth or cumulation may be converted to an equivalent annuity by multiplying it by the annuity factor for the intervening period (Appendix III); a present worth or amount may be expressed as an equivalent annuity by multiplying it by the factor for the annuity of present worths (Appendix VI) for the period over which it is desired to spread the amount.

Examples (From Sections 110 and 111):

a. Annuity over 10 year period equivalent to a future amount of $1,382 (using 7% interest rate) = 1,382 × .072 = $100.

b. Annuity over 10 year period equivalent to a present worth of $702 (using 7% interest rate) = 702 × .1423 = $100. (Pp. 44–45)

. . . . . .

[fol. 5456] 114. An equated annual charge is an annuity or annual charge which will amount to the same cumulative total as a series of several annual charges cumulated over varying periods. It may be derived by obtaining the total future worth, (or present worth) of the several annual charges for their respective periods and multiplying this total by the annuity factor, Appendix III (or the factor for an annuity of present worth, Appendix VI) for the period of study.

Example: Assume a plant to be built up of three units having an annual charge of $100 per unit. One unit is to be installed immediately, one at the end of 4 years and one at the end of 7 years. Let the period of study be 10 years.

Unit of plant	Date installed	Period in service	Annual charge
1st Unit	At once	10 years	$100
2nd Unit	4 years	10—4=6 years	$100
3rd Unit	7 years	10—7=3 years	$100

Future worth		Present worth	
Factor App. IV	Amount	App. V	Amount
13.82	$1,382	7.02	$702
7.15	715	7.02—3.38=3.64	364
3.21	321	7.02—5.39=1.63	163
Total	$2,418		$1,229

Equated annual charge = Future worth × Annuity factor for the period = 2418 × .0724 = $175, or

Equated annual charge = Present worth × Factor for annuity of present worth for the period = 1229 × .1414 = $175.

The engineer is cautioned against the use of average annual charges in such studies instead of equated annual charges. Average annual charges derived without proper [fol. 5457] consideration of interest, although they may sometimes furnish an approximate indication of relative costs under two plans, will in general produce incorrect results, particularly if the interest factor is later applied in calculating present worths or cumulative charges. (Pp. 45–46)

* * * * * * *

117. Depreciation at retirement considers that the complete depreciation of a unit of plant is realized at the time of its retirement from service. As mentioned in Section 116, this amount may be taken as the first cost or structural value of the plant in service, less the net salvage to be obtained at the time of retirement.

Example: An aerial cable is estimated to cost $822 per 1,000 ft. in place. The expected service life is 10 years, at which time it will be removed and a net salvage estimated at $189, or 23% of the first cost, will be obtained. Depreciation at retirement, i. e., at the end of the tenth year = 822 — 189 = $633, and the present worth (Section III) of this depreciation will be 633 × .508349 (App. II, 7%— $321.78. (P. 48)

* * * * * * *

[fol. 5458] 127. Interpretation of Cost Studies. The point to be emphasized in the interpretation of cost studies or more particularly cost comparisons of two or more plans is:

The answer to the cost comparison is not the answer to the problem unless all pertinent factors have been evaluated and reflected in the study. Since it is often impracticable to properly reflect all factors in a cost comparison, these studies may be considered as definitely disposing of the known or estimated factors relating to cost and as providing a logical basis of judgment from which to consider the intangible and broader aspects of the problem, such as difference in quality or dependability of service, effect on operation or organization, financial considerations, etc. The interpretation or summation of the results of a study should therefore include considerations of:

a) Practicability of the several plans both as to construction and operation and the effect of one type of plant against another upon the day by day routine operations which cannot well be expressed in annual charges. For example, a comparison of the annual charges on aerial cable terminals as against the annual charges on twisted pair circuits may favor but a few terminals on aerial cables. On the other hand, the improvements in efficiency and resultant economies which can be made by the Installation Department with a greater number of terminals might tend to reverse the results of a study in which these features were not considered.

b) New money required under each plan, both initially and each year during the period of study. In this connection it is important to keep in mind that, other things being equal, a plan requiring large investments has disadvantages as compared with one requiring smaller investments. Even though the plan involving the larger investment proves in from the cost study by a small margin, it may be desirable to adopt the alternative plan and avoid tying up considerable amounts of fixed capital. This is particularly true when it is considered that, in general, much of the fixed capital cannot be recovered at a later date, while as long as the annual charges remain in the form of operating expenses, they are flexible, Section 125.

c) Immediate economies which can be effected should outweigh approximately equal economies estimated for some future date.

d) Adaptability of the plan to meet existing plant conditions most economically.

[fol. 5459] e) Which plan is least effected by contingencies of various kinds such as doubt as to realization of growth as predicted, assumption regarding plans to be carried out at some future date, etc.

f) Which plain is least subject to unfavorable reaction from fluctuations in material, labor and other costs assumed.

g) Which plan will be most flexible in the future. One plan, if adopted now, may preclude the economical introduction later of different or improved contingent plant.

h) Net revenue expected under each plan.

The proper interpretation and use of cost analyses and comparisons requires the exercise of sound business judgment. Overall considerations of many phases of a specific problem may clearly indicate which of the plans considered should be adopted. But the question may still remain—should it be done at all? In other words does the plan recommended represent in itself a sound investment?

Are the assumptions on which its selection was based well founded and do they warrant immediate execution of the plan. It is evident that experience is an important factor in making these decisions, but it should be reasonably clear that any experience cited represents fact, not opinion, and that it is based upon conditions comparable with those under consideration. (Pp. 57–60)

Appendix II

Present Worth Factors

(To Convert Future Worth to Present Worth)

$\frac{1}{(r)^n}$ = Present Worth (at beginning of first year) of $1.00 to be spent at the end of any year, n.

Year, n	i=2%	i=3%	i=4%	i=5%	i=6%	i=7%	i=8%
1	.980392	.970874	.961538	.952381	.943396	.934579	.925926
2	.961169	.942596	.924556	.907029	.889996	.873439	.857339
3	.942322	.915142	.888996	.863838	.839619	.816298	.793832
4	.923845	.888487	.854804	.822702	.792094	.762895	.735030
5	.905731	.862609	.821927	.783526	.747258	.712986	.680583
6	.887971	.837484	.790315	.746215	.704961	.666342	.630170
7	.870560	.813092	.759918	.710681	.665057	.622750	.583490
8	.853490	.789409	.730690	.676839	.627412	.582009	.540269
9	.836755	.766417	.702587	.644609	.591898	.543934	.500249
10	.820348	.744094	.675564	.613913	.558395	.508349	.463193
11	.804263	.722421	.649581	.584679	.526788	.475093	.428883
12	.788493	.701380	.624597	.556837	.496969	.444012	.397114
13	.773033	.680951	.600574	.530321	.468839	.414964	.367698
14	.757875	.661118	.577475	.505068	.442301	.387817	.340461
15	.743015	.641862	.555265	.481017	.417265	.362446	.315242
16	.728446	.623167	.533908	.458112	.393646	.338735	.291890
17	.714163	.605016	.513373	.436297	.371364	.316574	.270269
18	.700159	.587395	.493628	.415521	.350344	.295864	.250249
19	.686431	.570286	.474642	.395734	.330513	.276508	.231712
20	.672971	.553676	.456387	.376889	.311805	.258419	.214548
21	.659776	.537549	.438834	.358942	.294155	.241513	.198656
22	.646839	.521893	.421955	.341850	.277505	.225713	.183941
23	.634156	.506692	.405726	.325571	.261797	.210947	.170315
24	.621721	.491934	.390121	.310068	.246979	.197147	.157699
25	.609531	.477606	.375117	.295303	.232999	.184249	.146018
26	.597579	.463695	.360689	.281241	.219810	.172195	.135202
27	.585862	.450189	.346817	.267848	.207368	.160930	.125187
28	.574375	.437077	.333477	.255094	.195630	.150402	.115914
29	.563112	.424346	.320651	.242946	.184557	.140563	.107328

30	.552071	.411987	.308319	.231377	.174110	.131367	.099377
31	.541246	.399987	.296460	.220359	.164255	.122773	.092016
32	.530633	.388337	.285058	.209866	.154957	.114741	.085200
33	.520229	.377026	.274094	.199873	.146186	.107235	.078889
34	.510028	.366045	.263552	.190355	.137912	.100219	.073045
35	.500028	.355383	.253415	.181290	.130105	.093663	.067635
36	.490223	.345032	.243669	.172657	.122741	.087535	.062625
37	.480611	.334983	.234297	.164436	.115793	.081809	.057986
38	.471187	.325226	.225285	.156605	.109239	.076457	.053690
39	.461948	.315754	.216621	.149148	.103056	.071455	.049713
40	.452890	.306557	.208289	.142046	.097222	.066780	.046031
41	.444010	.297628	.200278	.135282	.091719	.062412	.042621
42	.435304	.288959	.192575	.128840	.086527	.058329	.039464
43	.426769	.280543	.185168	.122704	.081630	.054513	.036541
44	.418401	.272372	.178046	.116861	.077009	.050946	.033834
45	.410107	.264439	.171198	.111297	.072650	.047613	.031328
46	.402154	.256737	.164614	.105997	.068538	.044499	.029007
47	.394268	.249259	.158283	.100949	.064658	.041587	.026859
48	.386538	.241999	.152195	.096142	.060998	.038867	.024869
49	.378958	.234950	.146341	.091564	.057546	.036324	.023027
50	.371528	.228107	.140713	.087204	.054288	.033948	.021321

$$\frac{1}{(r)^n} = \frac{1}{(1+i)^n}$$, Appendix VII.

[fol. 5461]

Appendix III

Annuity Factors

(To Convert Future Worth to Annuity)

U_n = Annuity (to be laid aside at the end of each year) to redeem $1.00 at the end of year, n.

Year, n	i=2%	i=3%	i=4%	i=5%	i=6%	i=7%	i=8%
1	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2	.495050	.492611	.490196	.487805	.485437	.483092	.480769
3	.326755	.323530	.320349	.317209	.314110	.311052	.308034
4	.242624	.239027	.235490	.232012	.228591	.225228	.221921

Appendix III—Continued

Year, n	i=2%	i=3%	i=4%	i=5%	i=6%	i=7%	i=8%
5	.192158	.188355	.184627	.180975	.177396	.173891	.170456
6	.158526	.154598	.150762	.147017	.143363	.139796	.136315
7	.134512	.130506	.126610	.122820	.119135	.115553	.112072
8	.116510	.112456	.108528	.104722	.101036	.097468	.094015
9	.102515	.098434	.094493	.090690	.087022	.083486	.080080
10	.091327	.087231	.083291	.079505	.075868	.072378	.069029
11	.082178	.078077	.074149	.070389	.066793	.063357	.060076
12	.074560	.070462	.066552	.062825	.059277	.055902	.052695
13	.068118	.064030	.060144	.056456	.052960	.049651	.046522
14	.062602	.058526	.054669	.051024	.047585	.044345	.041297
15	.057825	.053767	.049941	.046342	.042963	.039795	.036830
16	.053650	.049611	.045820	.042270	.038952	.035858	.032977
17	.049970	.045953	.042199	.038699	.035445	.032425	.029629
18	.046702	.042709	.038993	.035546	.032357	.029413	.026702
19	.043782	.039814	.036139	.032745	.029621	.026753	.024128
20	.041157	.037216	.033582	.030243	.027185	.024393	.021852
21	.038785	.034872	.031280	.027996	.025005	.022289	.019832
22	.036631	.032747	.029199	.025971	.023046	.020406	.018032
23	.034668	.030814	.027309	.024137	.021278	.018714	.016422
24	.032871	.029047	.025587	.022471	.019679	.017189	.014978
25	.031220	.027428	.024012	.020952	.018227	.015811	.013679
26	.029699	.025938	.022567	.019564	.016904	.014561	.012507
27	.028293	.024564	.021239	.018292	.015697	.013426	.011448
28	.026970	.023293	.020013	.017123	.014593	.012392	.010489
29	.025778	.022115	.018880	.016046	.013580	.011449	.009619
30	.024650	.021019	.017830	.015051	.012649	.010586	.008827
31	.023596	.019999	.016855	.014132	.011792	.009797	.008107
32	.022611	.019047	.015949	.013280	.011002	.009073	.007451
33	.021687	.018156	.015104	.012490	.010273	.008408	.006852
34	.020819	.017322	.014315	.011755	.009598	.007797	.006304
35	.020002	.016539	.013577	.011072	.008974	.007234	.005803
36	.019233	.015804	.012887	.010434	.008395	.006715	.005345
37	.018507	.015112	.012240	.009840	.007857	.006237	.004924

38	.017821	.014459	.011632	.009284	.007358	.005795	.004539
39	.017171	.013844	.011061	.008765	.006894	.005387	.004185
40	.016556	.013262	.010523	.008278	.006462	.005009	.003860
41	.015972	.012712	.010017	.007822	.006059	.004660	.003561
42	.015417	.012192	.009540	.007395	.005683	.004336	.003287
43	.014890	.011698	.009090	.006993	.005333	.004036	.003034
44	.014388	.011230	.008665	.006616	.005006	.003758	.002802
45	.013910	.010785	.008262	.006262	.004701	.003500	.002587
46	.013453	.010363	.007882	.005928	.004415	.003260	.002390
47	.013018	.009961	.007522	.005614	.004148	.003037	.002208
48	.012602	.009578	.007181	.005318	.003898	.002831	.002040
49	.012204	.009213	.006857	.005040	.003664	.002639	.001886
50	.011823	.008866	.006550	.004777	.003444	.002460	.001743

147—440

$$U_n = \frac{i}{(1+i)^n - 1}, \text{ Appendix VII.}$$

[fol. 5462]

Appendix IV

Annuity Cumulation Factors

(To Convert Annuity to Future Worth)

V_n=Amount of an Annuity of $1.00 (to be laid aside at end of each year) at the end of any year, n.

Year, n	i=2%	i=3%	i=4%	i=5%	i=6%	i=7%	i=8%
1	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2	2.02	2.03	2.04	2.05	2.06	2.07	2.08
3	3.0604	3.0909	3.1216	3.1525	3.1836	3.2149	3.2464
4	4.121608	4.183627	4.246464	4.310125	4.374616	4.439943	4.506112
5	5.204040	5.309136	5.416323	5.525631	5.637093	5.750739	5.866601
6	6.308121	6.468410	6.632975	6.801913	6.975319	7.153291	7.335929
7	7.434283	7.662462	7.898294	8.142008	8.393838	8.654021	8.922803
8	8.582969	8.892336	9.214226	9.549109	9.897468	10.259803	10.636628
9	9.754628	10.159106	10.582795	11.026564	11.491316	11.977989	12.487558
10	10.949721	11.463879	12.006107	12.577893	13.180795	13.816448	14.486562
11	12.168715	12.807796	13.486351	14.206787	14.971643	15.783599	16.645487
12	13.412090	14.192030	15.025805	15.917127	16.869941	17.888451	18.977126

4655

Appendix IV

Annuity Cumulation Factors

(To Convert Annuity to Future Worth)

V_n=Amount of an Annuity of $1.00 (to be laid aside at end of each year) at the end of any year, n.

Year, n	i=2%	i=3%	i=4%	i=5%	i=6%	i=7%	i=8%
13	14.680332	15.617790	16.626838	17.712983	18.882138	20.140643	21.495297
14	15.973938	17.086324	18.291911	19.598632	21.015066	22.550488	24.214920
15	17.293417	18.598914	20.023588	21.578564	23.275970	25.129022	27.152114
16	18.639825	20.156881	21.824531	23.657492	25.672528	27.888054	30.324283
17	20.012071	21.761588	23.697512	25.840366	28.212880	30.840217	33.750226
18	21.412312	23.414435	25.645413	28.132385	30.905653	33.999033	37.450244
19	22.840559	25.116868	27.671229	30.539004	33.759992	37.378965	41.446263
20	24.297370	26.870374	29.778079	33.065954	36.785591	40.995492	45.761964
21	25.783317	28.676486	31.969202	35.719252	39.992727	44.865177	50.422921
22	27.298984	30.536780	34.247970	38.505214	43.392290	49.005739	55.456755
23	28.844963	32.452884	36.617889	41.430475	46.995828	53.436141	60.893296
24	30.421862	34.426470	39.082604	44.501999	50.815677	58.176671	66.764759
25	32.030300	36.459264	41.645908	47.727099	54.864512	63.249038	73.105940
26	33.670906	38.553042	44.311745	51.113454	59.156383	68.676470	79.954415
27	35.344324	40.709634	47.084214	54.669126	63.705766	74.483823	87.350768
28	37.051210	42.930923	49.967583	58.402583	68.528112	80.697691	95.338830
29	38.792235	45.218850	52.966286	62.322712	73.639798	87.346529	103.965936
30	40.568079	47.575416	56.084938	66.438848	79.058186	94.460786	113.283211
31	42.379441	50.002678	59.328335	70.760790	84.801677	102.073041	123.345868
32	44.227030	52.502759	62.701469	75.298829	90.889778	110.218154	134.213537
33	46.111570	55.077841	66.209527	80.063771	97.343165	118.933425	145.950620
34	48.033802	57.730177	69.857909	85.066959	104.183755	128.258765	158.626670
35	49.994478	60.462082	73.652225	90.320308	111.434780	138.236878	172.316804
36	51.994367	63.275944	77.598314	95.836323	119.120867	148.913460	187.102148
37	54.034255	66.174223	81.702246	101.628139	127.268119	160.337402	203.070320
38	56.114940	69.159449	85.970336	107.709546	135.904206	172.561020	220.315945

39	58.237238	72.234233	90.409150	114.095023	145.058458	185.640292	238.941221
40	60.401983	75.401260	95.025516	120.799774	154.761966	199.635112	259.056519
41	62.610023	78.663298	99.826536	127.839763	165.047684	214.609570	280.781040
42	64.862223	82.023196	104.819598	135.231751	175.950545	230.632240	304.243523
43	67.159468	85.483892	110.012382	142.993339	187.507577	247.776497	329.583005
44	69.502657	89.048409	115.412877	151.143006	199.758032	266.120851	356.949646
45	71.892710	92.719861	121.029392	159.700156	212.743514	285.749311	386.505617
46	74.330504	96.501457	126.870568	168.685164	226.508125	306.751763	418.426067
47	76.817176	100.396501	132.945390	178.119422	241.098612	329.224386	452.900152
48	79.353519	104.408396	139.263206	188.025393	256.564529	353.270093	490.132164
49	81.940590	108.540648	145.833734	198.426663	272.958401	378.999000	530.342737
50	84.579401	112.796867	152.667084	209.347996	290.336905	406.528929	573.770156

$$V_n = \frac{(1+i)^n - 1}{i}$$, Appendix VII.

[fol. 5463] Appendix VII

Derivation of Annuity Factors

Compound interest factor, $(r)^n = (1+i)^n$. See Appendix I.

Let i = rate of interest in per cent.

$1.00 = principal.

The amount of $1.00 with interest at i%
at the end of one year $= 1+i$,
at the end of two years $= (1+i)+i\,(1+i)$
$= (1+i)\,(1+i) = (1+i)^2$
at the end of three years $= (1+i)^2+i(1+i)^2$
$= (1+i)^2\,(1+i) = (1+i)^3$
at the end of "n" years $= (1+i)^{n-1}+1\,(1+i)^{n-1}$
$= (1+i)^{n-1}\,(1+i) = (1+i)^n$.

For convenience, let "r" represent the factor $(1+i)$, by which the amount of $1.00, with interest at i%, at the end of n years $= r^n$.

Present worth factor, $\frac{1}{(r)^n} = \frac{1}{(1+i)^n}$. See Appendix II.

From the definition of present worth, Section 111, the present worth of $1.00 to be spent "n" years hence is the amount "X," which, if placed at interest immediately, will amount to $1.00 at the end of "n" years.

From the derivation of the compound interest factor, the amount of $X, with interest, at i%, at the end of "n" years $= X(1+i)^n = X(r)^n$.

Since it is desired that this amount shall equal $1.00,

$$X\,(r)^n = 1$$

From which $X = \frac{1}{(r)^n}$ or $(r)^{-n}$

or the present worth of $1.00, n years hence $= \frac{1}{(r)^n}$.

Annuity factor, $U_n = \frac{i}{(1+i)^n - 1}$. See Appendix III.

An annuity to redeem a specific sum at the end of a certain period is the amount which, if set aside each year at compound interest, will, at the end of the period, equal the sum to be redeemed.

Let X = annual amount or annuity.
$1.00 = sum to be redeemed.
n = period of years at the end of which the sum is to be redeemed.

Since the amount "X" is to be set aside each year during the period "n" years, the total at the end of the period will be the sum of this amount at compound interest for $n-1$ years, for $n-2$ years, for $n-3$ years, etc., respectively, and for 0 years, or the amount due the last year of the period.

From the derivation of the compound interest factor, the amount at the end of $n-1$ years

$$=X(r)^{n-1}$$

the amount at the end of $n-2$ years

$$=X(r)^{n-2}.$$

the amount at the end of $n-3$ years

$$=X(r)^{n-3}.$$

the amount at the end of $n-(n+1)$ years

$$=X(r)^{1}.$$

the amount at the end of $n-n$ or 0 years

$$=X(r)^{0}=X.$$

The sum of these amounts is to equal \$1.00 and may be written

$$X\,[r^{n-1}+r^{n-2}+r^{n-3}+\ldots\ldots r+1]=1 \quad (1)$$

Dividing both sides of this equation by r,

$$X\left[r^{n-2}+r^{n-3}+r^{n-4}+\ldots\ldots 1+\frac{1}{r}\right]=\frac{1}{r}(2)$$

Subtracting equation (2) from equation (1),

$$X\left[r^{n-1}-\frac{1}{r}\right]=1-\frac{1}{r}$$

Multiplying both sides of this equation by r,

$$X[r^{n}-1]=r-1$$

and since $r=(1+i)$

$$X\left[(1+i)^{n}-1\right]=i, \text{ and } X=\frac{i}{(1+i)^{n}-1}$$

or the annuity required to redeem \$1.00 at the end of "n" years $=\frac{i}{(1+i)^{n}-1}$ which for convenience may be represented by the symbol U_n.

Annuity Cumulation factor, $V_n=\frac{(1+i)^{n}-1}{i}$

See Appendix IV.

The cumulation or total amount of an annuity over a period of years is the inverse of an annuity or annual charge, and the factors on the basis of \$1.00 are reciprocal.

Let X = cumulation or total amount at end of period.

\$1.00 = annuity or annual charge.

n = period of years during which annuity is paid or charged.

Since $1.00 is to be set aside each year during the period "n" years, the total at the end of the period will be the sum of $1.00 at compound interest for n−1 years, for n−2 years, for n−3 years, etc., and the $1.00 due the last year of the period. From the derivation of the compound interest factor, the amount of $1.00 at the end of

$$n-1 \text{ years} = (r)^{n-1}.$$

the amount of $1.00 at the end of

$$n-2 \text{ years} = (r)^{n-2}.$$

[fol. 5464] EXTRACTS FROM EXHIBIT X-374

Memorandum of agreement, made this 16th day of February, 1922, between Western Electric Company, Incorporated, a corporation organized and existing under and by virtue of the laws of the State of New York, hereinafter called the Western Company, party of the first part, and Stromberg Carlson Telephone Manufacturing Company, a corporation organized and existing under and by virtue of the laws of the State of New York, hereinafter called the Stromberg Company, party of the second part:

Witnesseth that for and in consideration of the mutual covenants and conditions hereinafter contained, the parties have agreed as follows:

Section I. The Stromberg Company agrees to manufacture for and sell and deliver to the Western Company, and the Western Company agrees to purchase and receive from the Stromberg Company at prices and upon terms and conditions hereinafter set forth, intercommunicating telephonic apparatus and parts therefor as hereinafter provided.

* * * * * * * * *

3. It is the intent of the parties that the "net cost" of apparatus and parts to the Western Company hereunder, shall during the term hereof, be such that the Western Company may be enabled to meet competition in sales to its electrical contractor customers, and so that the gross profit realized by the Western Company upon its aggregate quarterly sales of apparatus and parts covered hereby to its contractor customers is not less than 30% of the Western Company's aggregate selling prices to such customers, it being recognized by both parties that the selling expense

of the Western Company upon the apparatus and parts covered hereby averages approximately 20% of its aggregate selling price.

* * * * * * * *

[fol. 5465] In addition to the provisions of this contract quoted in full above it contains, in substance, the following additional matters:

Section II. Apparatus to be of highest quality material and workmanship and manufactured in accordance with specifications to be furnished to Stromberg by Western.

Section III. Gives Western the right of inspecting and rejecting the apparatus.

Section IV. Stromberg warrants apparatus, materials and parts furnished hereunder.

Section V. Western may bring additional types of intercommunicating telephonic apparatus under terms of the contract.

Section VI. Covers the details of placing orders, manufacturing of apparatus, maintenance of stock of apparatus by Stromberg and the disposal of all stock thereof if the contract is terminated (pages 2–4).

Section VII. Covers the billing for apparatus purchased hereunder.

Section VIII. (1) Provides that the net cost to Western of apparatus purchased shall be determined by mutual agreement in advance of purchases.

(2) Provides that at quarterly intervals Stromberg shall submit a list showing types of apparatus and proposed schedule of net cost therefor (page 3).

(3) Quoted in full above (pages 5-6).

Section IX. Requires Stromberg, as various types of equipment come under contract, to purchase from Western such tools therefor as Western shall desire to sell at a price not to exceed cost less reasonable allowance for depreciation.

Section X. Provides that Stromberg, as various types of apparatus become covered by contract, shall purchase from Western such raw materials and such assemblies and codified parts of apparatus as Western may require Stromberg to employ in various kinds of apparatus manufactured hereunder. Prices and terms to be mutually agreed upon (page 7).

Section XI. As various types of apparatus come under contract Stromberg shall purchase from Western its stock of completed apparatus of such types (pages 7-8).

Section XII. Prohibits sale of apparatus manufactured under Western patents to any other Stromberg customer (pages 8-9).

Section XIII. Prohibits assignment of contract by Stromberg.

Section XIV. Contract to be construed according to the laws of New York (p. 10).

Section XV. Contract to be effective January 1, 1922, and shall continue in force until terminated by three months' written notice by either party (p. 10).

[fol. 5466] EXTRACTS FROM EXHIBIT X-375

Memorandum of agreement, made this 1st day of June, 1920, by and between the Stromberg-Carlson Telephone Manufacturing Company, a corporation organized and existing under the laws of the State of New York, hereinafter called the "Stromberg Company", and Western Electric Company, Incorporated, a corporation organized and existing under the laws of State of New York, hereinafter called the "Western Company":

In consideration of the mutual covenants and undertakings herein made and entered into by the parties hereto, it is agreed by and between said parties as follows:

1. The Stromberg Company agrees to manufacture and sell to the Western Company and the Western Company agrees to purchase from the Stromberg Company one thousand (1,000) thirty (30) line Private Branch Exchange telephone switchboards upon the terms and conditions hereinafter provided.

* * * * * * *

11. The Stromberg Company agrees and warrants that the switchboards and parts thereof to be furnished under this contract and the circuits therein employed will not infringe any valid patent or trademark, and that in case any action or suit charging any such infringement shall at any

time be brought against the Western Company or against any purchaser or user of said switchboards and parts so furnished by the Stromberg Company under this contract, the Stromberg Company will at its own expense defend any and all such actions or suits and will save the Western Company and all customers of the Western Company harmless therefrom and from any and all claims, demands and liabilities directly arising from any such alleged infringement; provided, however, that the Stromberg Company shall be given immediate written notice of all charges of such infringement and the institution of any such suits and full authority and opportunity to assume defense thereof through its own counsel, and provided, further, that the obligations of the Stromberg Company under this paragraph 11 shall not extend to any of the parts to be furnished by the Western Company in accordance with paragraph 10 hereof, nor to any infringement due solely to features of construction or circuits which are not standard with the Stromberg Company or furnished by it to its other customers.

12. The Western Company agrees and warrants that [fol. 5467] the parts to be furnished by it under paragraph 10 of this agreement will not infringe any valid patent or trademark and that the apparatus and circuits described by the said specifications, so far as the same specify features of construction or circuits which are not standard with the Stromberg Company or furnished by it to its other customers, will not infringe any valid patent or trademark, and that in case any action or suit charging such infringement shall at any time be brought against the Stromberg Company by reason of the use of any of the parts furnished by the Western Company hereunder or by reason of the manufacture for the Western Company of apparatus or circuits which are not standard with the Stromberg Company or furnished by it to its other customers, the Western Company will at its own expense defend any and all such actions or suits and will save the Stromberg Company harmless therefrom and from all claims, demands or liabilities directly arising from any such alleged infringement; provided, however, that the Western Company shall be given immediate written notice of all claims of such infringement and of the institution of any such suits, and

full authority and opportunity to assume the defense thereof through its own counsel.

[fol. 5468] In addition to the above portions of the contract quoted in full, the remaining portions of the contract in brief are as follows:

Paragraph 2 provides that switchboards to be furnished hereunder shall conform to certain specifications prepared by Western Electric; and that this agreement shall not be construed to authorize Stromberg Company to manufacture for or sell to others than Western Company any private branch exchange telephone switchboards embodying any invention or patents of the Western Company under which the Stromberg Company is not already licensed. Paragraph 3 covers manner of delivery. Paragraph 4 covers manner of Western Company's informing Stromberg as to equipment of the switchboards to be delivered. Paragraph 5 covers the price which Western agrees to pay Stromberg Company for all switchboards shipped by Stromberg Company. Paragraph 6 covers additional equipment to be supplied by Stromberg Company to Western. Paragraph 7 provides that Stromberg will for five years from date hereof and thereafter as long as purchases of Western Company shall amount to $500 or more per year, supply Western with such parts for the switchboards covered hereby as the Western may order from time to time, at the Stromberg Company's lowest prices in effect at the date the order is received, less 25% and 5%. Paragraph 8 covers markings on switchboards. Paragraph 9 covers inspection at option of Western Company. Paragraph 10 covers certain parts to be incorporated into the switchboards to be furnished by Western Company to Stromberg Company, and prices therefor are to be as low as the prices the Western Company charges its most favored customers for similar parts. Paragraphs 11 and 12 are quoted in full above. Paragraph 13 provides for guaranty by Stromberg Company of first class design and workmanship of all switchboards and parts furnished under this agreement, and against defects.

[fol. 5469] EXHIBIT X-378

Agreement made this 30th day of March, 1928, between Western Electric Company, Incorporated, a New York cor-

poration, hereinafter called Western, and International Standard Electric Corporation, a Delaware corporation, hereinafter called International, witnesseth:

Whereas the parties hereto heretofore entered into a certain agreement dated October 1, 1925, with reference to the exchange of patent rights and technical information and certain sales arrangements, and

Whereas the parties hereto desire to supplement said agreement of October 1, 1925, and to exchange certain further rights and licenses as herein provided,

Now, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. Wherever International is herein mentioned, such term shall, unless inconsistent with the context, be deemed to include each and all of International's associated companies as defined in said agreement of October 1, 1925, and the respective successors to substantially the entire good will and business of International and/or its said associated companies.

2. Wherever Western is herein mentioned, such term shall, unless inconsistent with the context, be deemed to include each and all subsidiary companies owned or controlled by Western and the respective successors to substantially the entire good will and business of Western and/or its said subsidiary companies.

3. International hereby grants to Western, its successors and assigns, (subject to the licenses herein reserved by and granted to International and subject also to such rights, if any, as Marconi's Wireless Telegraph Company Limited may now have or be entitled to receive under a certain contract between the latter and Standard Telephones and Cables Limited, formerly Western Electric Company, Limited, dated February 16, 1925), licenses under all patents and patent rights and other rights which are now owned or controlled by International or which may be owned or controlled by International during the term of this agreement, and under all patents and patent rights or other rights which International has at any time acquired directly or indirectly from Western, said licenses to Western being of the following character and scope:

to make, use and sell throughout the world any and all apparatus for use

[fol. 5470] (a) in recording sound or

(b) in reproducing sound from records or

(c) for establishing or maintaining a timed relation between the recording or the reproduction of sound on the one hand, and the taking or projection of motion pictures on the other hand,

but only insofar as and to the extent that said apparatus is used or intended for use for any of the purposes aforesaid, and provided that said licenses do not extend to apparatus of a character not ordinarily employed in accomplishing the functions or uses aforesaid as a primary object or purpose thereof, or as directly incidental to such primary purpose.

(For example, in the case of the electrical reproduction of sound from records, said licenses cover not only the mechanism for driving the record and controlling the speed thereof, and the electrical "pick-up" for producing variations in electric current corresponding to the sound vibrations recorded on the record, but said licenses also cover electrical amplifiers, transformers, loud speakers, and current controlling devices, so far as and to the extent that the various elements above referred to are used for reproducing sound from records. But in the case of radio broadcasting from phonograph records, said licenses would not extend to the radio transmitting apparatus or to the radio receiving sets, since such radio apparatus is of a character not usually employed for the primary purpose of broadcasting sound from records or as a direct incident to such primary purpose, but said licenses would extend to the phonograph mechanism and electrical "pick-up" thereof connected to the radio broadcast transmitter.)

Subject as aforesaid, said licenses shall, in respect of patents based upon inventions originating with or derived from Western, be exclusive from date hereof until the ends of the terms of said patents respectively, and in respect of all other patents shall be exclusive during the term of this agreement and non-exclusive thereafter for the remainder of the terms of said patents respectively.

4. International agrees that it will not during the term of this agreement manufacture or sell (except only to the

extent of the rights in this instrument expressly reserved [fol. 5471] by and granted to International) any apparatus, systems, devices or things whatsoever, whether patented or unpatented, for the purpose of or for use in

(a) recording sound or

(b) reproducing sound from records or

(c) establishing or maintaining a timed relation between the recording or reproduction of sound and the taking or projection of motion pictures,

whether in any such case such recording or reproduction of sound is the principal purpose or is incidental to other uses and purposes except, however, that nothing in this paragraph contained shall apply to manufacture or sale in the United States (which term shall include all places subject to the jurisdiction of the United States) or to any business or commerce within, into or from the United States, and except also that if at any time it shall be established by competent authority or by advice of the legal counsel of both parties that the provisions of this section are in conflict with the laws of any country, this section shall, as regards such country, be void, and this agreement shall be construed as though such country had been specifically excepted from the operation of this section.

5. International hereby reserves and Western hereby grants to International, to the full extent to which Western has or shall acquire rights of the character herein granted, non-exclusive licenses under all patents and patent rights or other rights which are now owned or controlled by Western and under all patents and patent rights and other rights which may be owned or controlled by Western during the term of this agreement or which at any time heretofore have been owned or controlled by Western to make, use and sell throughout the world except the United States, Canada and Newfoundland, any and all apparatus (including amplifying and loud speaking equipment) for use for the electrical reproduction of sound from records, but only in so far as and to the extent that said apparatus is used for the purpose aforesaid, except that said licenses do not extend to apparatus of a character not ordinarily employed in accomplishing the function or use aforesaid as a primary object or purpose thereof or as

directly incidental to such primary purpose (the examples given in Section 3 as to the interpretation of said section being also applicable to the licenses granted in the present section) and except also, that said licenses do not extend [fol. 5472] to the manufacture, sale or lease of apparatus

(a) for use in theatres (including motion picture theatres) or

(b) for use in homes, including all places of permanent or temporary residence, such as private living rooms of hotels, or

(c) for use in connection with apparatus for establishing or maintaining a timed relation between the reproduction of sound and the taking or projection of motion pictures, or

(d) for use as a self-contained instrument of the phonograph type in which the pick-up amplifier, and loud speaker are assembled in the same cabinet, or

(e) for use in or as a part of mechanical talking machines (meaning thereby machines for reproducing sounds from Gramophone or phonograph records in which a stylus, moved by the record, vibrates a diaphragm or other vibratory member by means of a mechanical connection thereto as distinguished from electro-magnetic actuation of the diaphragm).

6. International further reserves and Western hereby grants to International to the full extent of any rights which Western now has, or may during the term of this agreement acquire, rights in respect of apparatus for the recording of sound and/or for the electrical reproduction of sound from records, in so far as and to the extent that such apparatus is used or intended for use in and as a part of telephone exchange systems, such rights to International to be of the same character and scope as were in and by said agreement of October 1, 1925 granted and agreed to be granted by Western to International in respect of said apparatus.

7. Nothing herein contained shall operate as a limitation or restriction upon the exercise by International of any rights with respect to the manufacture, use and sale of amplifiers and/or loud speakers for uses other than those mentioned in Section 3 hereof, which International has or is

entitled to receive under said agreement of October 1, 1925, or under a certain previous agreement dated August 14, 1925, between Western and International and International Telephone and Telegraph Corporation, a Maryland corpo-
[fol. 5473] ration.

8. International hereby grants to Western, its successors and assigns, a license under all patents and patent rights owned or controlled by International on October 1, 1925, to make, use and sell throughout the world all apparatus, devices, systems, methods and equipment intended for use in the fields referred to in Items (d), (e) and (f) of Section 3 of Article II of said agreement of October 1, 1925, namely,

"(d) Applications and uses of telephone apparatus as aids to the deaf or for the measurement of sensitivity of hearing; audiophones and audiometers.

(e) Submarine signalling;

(f) Direction-finding; radio goniometry."

Said licenses to Western in this Section 8 granted shall be exclusive for the term of this agreement and non-exclusive thereafter.

9. International hereby grants to Western, its successors and assigns, licenses under all patents and patent rights and other rights which International now owns or controls, or may during the term of this agreement own or control, to the full extent to which International has or shall acquire such rights, to make, use and sell throughout the world, all apparatus, devices, systems, methods and equipment intended for use in the field referred to in Item (a) of Section 3 of Article II of said agreement of October 1, 1925, namely

"(a) Transmission and reception of all graphical and printed matter, including pictures, motion-pictures, drawings, writings or images ("television"); except, however, the transmission and reception of messages by pictures of words or symbols, which are to be regarded as telegraphy for the purpose of this agreement,"

said licenses to be exclusive for the term of this agreement, (subject to non-exclusive licenses hereby reserved to

International) and non-exclusive thereafter for the remainder of the terms of the respective patents.

10. Western hereby grants to International non-exclusive licenses under all patents and patent rights and other rights which Western now owns or controls, or may during [fol. 5474] the term of this agreement own or control, to make, use and sell throughout the world, except the United States, Canada and Newfoundland, all apparatus, devices, systems, methods and equipment intended for use in the field referred to in the said Item (a) of Section 3 of Article II of said agreement of October 1, 1925, for the entire terms of the respective patents; provided, however, that Western and International, and their respective successors, assigns and licensees, shall in good faith from time to time make every reasonable effort to agree and adhere to such policies and practices in the distribution of said apparatus for use in said field as shall be mutually satisfactory and for the best interest of both parties. It is contemplated by both parties that so far as practicable said apparatus shall be leased to users instead of being sold outright.

11. Insofar as to the extent that any licenses herein granted or agreed to be granted are expressed as "exclusive", such exclusive licenses include the right to grant sublicenses thereunder. In the event that either party shall assign to others any portion of its good will and business for any country or countries, to which good will and business any of the non-exclusive licenses herein granted or agreed to be granted to such party relate, the party having such non-exclusive licenses may assign the same to such assignee of any portion of its good will and business so far as said licenses are applicable thereto; but except as above provided the licenses herein described as "non-exclusive" are personal to the parties hereto respectively and their respective associated and subsidiary companies referred to in Sections 1 and 2 hereof.

12. Each of the parties hereto agrees to furnish to the other party information as to patents and applications for patents in respect of which the other party is entitled to receive licenses hereunder and technical information in respect of apparatus, methods, systems and devices for use in the fields of said licenses to the other party; (except that

International shall not be obligated to furnish the technical information referred to in Article V of said agreement of October 1, 1925 in respect of apparatus of a character which is not ordinarily used for any other purpose than the reproduction of sound from records, for example the "pick-up", as distinguished from amplifiers and loud speakers, which may be sold for other purposes) and to the extent that either party is entitled hereunder to receive such licenses all of the provisions of Articles IV and V of said agreement of October 1, 1925 shall (except as aforesaid) apply to the furnishing of such patent and technical information by the other party as though the same were within the field [fol. 5475] of patent exchange referred to in said agreement.

13. International agrees to pay to Western a royalty upon all apparatus, whether patented or unpatented, sold, or furnished for use within any of the fields for which any licenses or rights are herein granted to International; and all of the provisions of Article VI of said agreement of October 1, 1925 shall apply thereto as though all apparatus for use in the fields of the licenses herein granted to International were listed in the Schedule 1 referred to in said Article VI, except that the rate of royalty upon apparatus (such as the "pick-up", for example) which is not ordinarily used for any other purpose than the reproduction of sound from records shall be five per cent (5%) upon any such apparatus covered by any patent or patents of Western, and except also that the royalty in respect of apparatus for use in the field of the licenses granted in Section 10 hereof shall be an amount equal to five per cent. (5%) upon the fair market value of the apparatus so furnished, plus fifty per cent. (50%) of all amounts in excess of such fair market value charged to the user by way of rentals, or in the purchase price, or otherwise, provided that in case such apparatus is purchased from Western for sale or lease by International, International shall not be obligated to pay said five per cent. (5%) upon the market value thereof, but shall pay to Western the said fifty per cent. (50%) of all amounts in excess of such fair market value which may be charged to the user; and

Provided, further, that in the event that Western, its successors, assigns or licensees, shall at any time grant to others than International licenses, in the field of the licenses granted in Section 10 hereof, for any country or countries outside the United States, Canada and Newfoundland at a rate of royalty lower than the royalty herein provided to be paid by International, then and in that event the royalties to be paid by International in respect of any rights herein granted to International for such country or countries shall be reduced in such a manner as not to exceed the rates of royalty upon which such licenses to others shall have been granted.

14. It is mutually agreed that the appointment of International as exclusive distributor for Western as provided in Section 1 of Article VII of the said agreement of October 1, 1925, shall not be deemed to apply to any equipment or apparatus for use in the fields referred to in Section 3 of [fol. 5476] said agreement of August 14, 1925, or in the fields referred to by Sections 3 and 4 of Article II of said agreement of October 1, 1925.

15. Each of the parties hereto agrees that it will in good faith make every reasonable effort to determine the ultimate use for which apparatus sold by it (in or for use in the territory for which licenses are herein or by said agreement of October 1, 1925 granted to the other party), is intended, particularly with reference to apparatus which is capable for use in or for or in connection with the reproduction of sound from records, and in the event that one of the parties has knowledge or information that apparatus sold by it is intended for use in a field for which the licenses of the other party hereto are to any extent exclusive (either under the present agreement or under said agreements of August 14, 1925 and October 1, 1925), the party having such knowledge or information will not accept orders for apparatus intended for such use. In the event that either party has knowledge or information that apparatus previously sold or furnished by it was subsequently used for purposes in the exclusive field of the other party, the party having such knowledge will refuse to accept further orders for the same kind of apparatus from the customer in question until it is assured that the apparatus covered by such further orders will not be used in the exclusive field of the other party.

16. International agrees that it will not assert, maintain, agree to, or acquiesce in any position, in respect of the contract dated February 16, 1925, between Marconi's Wireless Telegraph Company Limited and Standard Telephones and Cables Limited (formerly Western Electric Company Limited) which is inconsistent with Western's interpretation of the term "public address systems" as used in said contract; and Western and International mutually agree to endeavor in good faith to come to an understanding with regard to concessions or arrangements, if any, which may, in the opinion of both parties, be desirable to make to or with said Marconi's Wireless Telegraph Company Limited in settling the dispute which has arisen with said company with respect to the interpretation of said contract.

17. All of the provisions of Article VIII, and of Sections 1 to 5 inclusive of Article IX, and all the provisions of Article X of said agreement of October 1, 1925, shall apply to the present agreement in like manner as if said provi- [fol. 5477] sions were written herein.

18. This contract shall inure to the benefit of and be binding upon the parties hereto and the assignees of and successors to substantially the entire good will and business of said parties respectively from date hereof until the termination of said agreement of October 1, 1925, and shall terminate with said agreement, but termination of the sales arrangements provided for in Article VII of said agreement prior to the termination of said agreement as a whole shall not affect the present agreement.

In witness whereof the parties hereto have caused this instrument to be executed by their respective proper officers thereto duly authorized at New York City, New York, the day and year first above written.

Western Electric Company, Incorporated, by Edgar S. Bloom, President. Attest: H. B. Gilmore, Secretary. International Standard Electric Corporation, by G. E. Pingree, President. Attest: S. G. Ordway, Asst. Secretary.

In consideration of the foregoing agreement and of the sum of one dollar ($1.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, the undersigned Electrical Research Products Inc. hereby

assents to the execution and delivery of the foregoing agreement by Western Electric Company, Incorporated, and to the full extent of any right, title or interest which it has in the subject matter thereof or in, to or under any patents, applications for patents, inventions and rights therein granted or agreed to be granted by said Western Electric Company, Incorporated, and in respect of all patents, applications for patents, inventions and rights now owned or controlled or hereafter during the term of said agreement owned or controlled by Electrical Research Products Inc., said Electrical Research Products Inc. hereby joins in said agreement and assumes toward said International Standard Electric Corporation obligations of the same character and scope as the obligations therein assumed by said Western Electric Company, Incorporated.

Electrical Research Products, Inc., by J. E. Otterson, President. Attest: H. B. Gilmore, Sec.

[fol. 5478] In consideration of the foregoing contract and of the sum of one dollar ($1.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, the undersigned American Telephone and Telegraph Company, a New York corporation, hereby assents to the execution and delivery of the foregoing agreement by Western Electric Company, Incorporated, and agrees that during the time said agreement shall remain in force it will grant to said Western Electric Company, Incorporated, rights in respect of all foreign patents and foreign rights to inventions which are now owned or which may hereafter be acquired by American Telephone and Telegraph Company, said rights to be of the same character and scope as the rights which said Western Electric Company, Incorporated, is or will be obligated under said agreement to grant to said International Standard Electric Corporation in respect of the patents, applications for patents and inventions of said Western Electric Company, Incorporated.

American Telephone and Telegraph Company, by Walter S. Gifford, President. Attest: A. A. Marsters, Secretary.

In consideration of the foregoing contract and of the sum of one dollar ($1.00) and other good and valuable considerations, the receipt of which is hereby acknowledged, the

undersigned, Bell Telephone Laboratories, Inc., a New York corporation, hereby assents to the execution and delivery of the foregoing agreement by Western Electric Company, Incorporated, and agrees that during the time said agreement shall remain in force it will grant to said Western Electric Company, Incorporated, rights in respect of all foreign patents and foreign rights to inventions which are now owned or which may hereafter be acquired by Bell Telephone Laboratories, Inc., said rights to be of the same character and scope as the rights which said Western Electric Company, Incorporated, is or will be obligated under said agreement to grant to said International Standard Electric Corporation in respect of the patents, applications for patents and inventions of said Western Electric Company, Incorporated.

Bell Telephone Laboratories, Inc., by Frank B. Jewett, President. Attest: J. W. Farrell, Secretary.

[fol. 5479] In consideration of the foregoing contract and of the sum of one dollar ($1.00) and other good and valuable considerations the receipt of which is hereby acknowledged the undersigned International Telephone & Telegraph Corporation, a Maryland Corporation, being a party to the agreement of August 14, 1925, therein referred to, and being the owner of all of the capital stock of said International Standard Electric Corporation, hereby consents to the foregoing contract.

International Telephone & Telegraph Corporation, by J. L. McQurrrie, Vice-President. Attest: Albert L. Hoffman, Asst. Secretary.

[fol. 5480] EXHIBIT X-379

Memorandum of agreement made this first day of January, 1919, between International Western Electric Company, Incorporated, a corporation of the State of Delaware, hereinafter called the International Company, party of the first part, and Northern Electric Company, Limited, a corporation of the Dominion of Canada, hereinafter called the Northern Company, party of the second part, witnesseth:

That in consideration of the mutual covenants and agreements herein contained, it is agreed by and between said parties as follows:

1. Scope:

(a) The International Company hereby appoints the Northern Company its exclusive distributor for the sale in the Dominion of Canada and Newfoundland of all merchandise, whether patented or not, which the International Company has or may hereafter have the right to sell for export, and the Northern Company agrees to purchase from the International Company, or its associated companies (meaning thereby the companies, the majority of whose stock is now or may hereafter be owned by the International Company or Western Electric Company, Limited, of Canada) all such merchandise, other than that of like kind and character manufactured by the Northern Company, which the Northern Company requires in its business and which the International Company or its associated companies can furnish upon terms as favorable as those offered by others; provided, however, that nothing herein contained shall prevent the Northern Company from purchasing any merchandise in the Canadian market where such purchase is clearly in the national or the company's interest.

(b) The Northern Company agrees to give the International Company, or its nominees, the exclusive distribution in all countries outside of the Dominion of Canada and Newfoundland, of all merchandise, whether patented or not, which the Northern Company manufactures or sells.

2. Prices and Terms:

(a) The International Company agrees on behalf of itself and its associated companies, as above defined, to sell to the Northern Company, and the Northern Company agrees to sell to the International Company and its associated companies merchandise as above provided at prices determined as follows:

Merchandise of Western Electric or Northern Electric manufacture at prices mutually agreed upon from time to time between the parties hereto, but not exceeding prices charged to the associated companies of the International

Company, for material of like kind and quality, by the party making the sale.

Merchandise not of Western Electric or Northern Electric manufacture, including shop raw material, at the cost thereof, to the party making the sale, cash discounts deducted, plus the usual service charges made between the International Company and its associated companies.

(b) Bills for merchandise of Western Electric and of Northern Electric manufacture shall be payable and commence to bear interest on the 15th day of the third month following the date of bills for such merchandise, and bills for merchandise not of Western Electric and not of Northern Electric manufacture shall be payable as and when [fol. 5481] billed and shall commence to bear interest from the 15th day of the month in which bills are rendered. In the absense of any special agreement the interest referred to above shall be at the rate of 6% per annum.

(c) The term "merchandise of Western Electric manufacture" as herein used means all merchandise manufactured by Western Electric Company, Incorporated, of New York, by the International Company or by any of the associated companies, as hereinabove referred to, of the International Company.

3. Information:

(a) The International Company agrees to give to the Northern Company all information on the latest and best methods of rendering telephone and telegraph service which it may procure from others and which it is permitted by the parties from which procured to so furnish.

(b) The International Company agrees to give to the Northern Company all information in regard to sales methods, accounting methods, and technical engineering and manufacturing matters which it may possess or acquire and have the right to furnish, and which may be needed by the Northern Company for the proper, economical and efficient operation of its business, and shall give assistance to the Northern Company in every way to the end that the Northern Company shall have, whenever needed, the benefits of the wide and varied experience of the International Company and its associated companies.

(c) The Northern Company agrees to furnish to the International Company upon the latter's request, insofar as it is in a position to do so, information of the character hereinabove in this section 3 described.

(d) All information given by either party to the other, as above provided, is for such other party's exclusive use and shall be kept confidential and not furnished or sold to any other person, firm or company, except that the International Company may furnish to its associated and allied Companies and to companies of the Bell Telephone System such of the information received from the Northern Company as the International Company may deem advisable.

4. Special Services:

(a) The International Company agrees to furnish to the Northern Company upon request:

(1) Suitable plans for buildings and character and layout of machinery, and if desired, an expert or experts to supervise the construction and erection of factory buildings and the installation of machinery.

(2) Experts to aid by research and development work or otherwise, in the solution of any engineering or manufacturing problems, or problems relating to the management and development of business that may be submitted by the Northern Company.

[fol. 5482] (b) The Northern Company agrees to furnish to the International Company upon the latter's request, insofar as it is in a position to do so, special expert services similar to those hereinabove in this section 4 described.

(c) All such special expert services furnished by either party to the other, shall be at the expense of the party to which the same is furnished, such expense to be the actual cost of the services rendered.

5. Training of Students:

The International Company will, subject to the laws of the United States, upon request and at the expense of the Northern Company, receive or arrange for the reception into its own organization, or that of Western Electric Company, Incorporated, of New York, of a reasonable number of men designated by the Northern Company and will fur-

nish them every facility for studying the methods and practices followed in all departments of said companies.

6. Compensation:

The Northern Company agrees to pay the International Company as compensation for the information and advice furnished by the International Company as provided in Section 3 hereof, and for the licenses under patents as provided in a certain agreement between the parties hereto and others, relating to patents dated the 27th day of August, 1919, an amount equal to one per cent (1%) of the total sales by the Northern Company to its customers of material now regularly classed by the Northern Company as telephone apparatus and of such additional material which later may be so classed as telephone apparatus. Such compensation shall be determined quarterly, shall be payable to the International Company as and when billed and shall commence to bear interest from the 15th day of the month following that in which bills are rendered.

7. Termination:

This agreement shall continue in force until terminated by not less than one year's prior written notice by either party to the other of its election to cancel the same.

In witness whereof the parties hereto have caused these presents to be executed by their officers thereunto duly authorized the day and year first above written.

International Western Electric Company, Incorporated, by G. E. Pringle, Vice-President. Attest: E. C. Pratt, Secretary. Northern Electric Company, Limited, by P. F. Sise, Vice-President. Attest: William Hay, Secretary.

[fol. 5483] EXTRACTS FROM EXHIBIT X-380

Memorandum of agreement, made this 27th day of August, 1919, between International Western Electric Company, Incorporated, a corporation of the State of Delaware, hereinafter called the International Company, party of the first part; Western Electric Company, Limited, a corporation of the Dominion of Canada, hereinafter called Western Limited, party of the second part; Northern Electric

Company, Limited, a corporation of the Dominion of Canada, hereinafter called the Northern Company, party of the third part, and The Bell Telephone Company of Canada, Limited, a corporation of the Dominion of Canada, hereinafter called Bell Company of Canada, party of the fourth part:

Whereas, the Western Limited in its name of Electrical Properties Limited, entered into a certain agreement dated the 23rd day of April, 1914, between said Electrical Properties, Limited, and the Northern Company, and

Whereas, it is desired by all parties to this agreement that so far as practicable the title to all patents in Canada and Newfoundland for inventions heretofore acquired, and hereafter acquired during the term of this agreement, by said parties or any of them shall be held in the name of the International Company, subject to certain licenses herein specified to the Northern Company and the Bell Company of Canada.

Now, therefore, in consideration of the sum of One Dollar ($1.00), by each of said parties paid to the other, the receipt of which is hereby acknowledged, and in further consideration of the covenants and agreements herein contained, it is agreed as follows:

1. The Western Limited and the Northern Company declare the said agreement of the 23rd day of April, 1914, to be terminated as of the day and year first above written.

2. The Western Limited hereby assigns and agrees to assign to the International Company, its successors, assigns, legal representatives and nominees, with the consent of the Northern Company which is hereby given, all right, title and interest of the Western Limited in and to all patents, applications for patents, inventions and patent rights of every description, in and for any and all countries, which said Western Limited now owns or which it may hereafter acquire, during the term of this agreement, including specifically all patents, applications for patents, inventions and [fol. 5484] patent rights accrued or accruing to it under the said agreement of the 23rd day of April, 1914.

3. The Northern Company hereby assigns and agrees to assign to and surrenders and agrees to surrender unto the International Company, its successors, assigns, legal repre-

sentatives and nominees, with the consent of the Western Limited which is hereby acknowledged, (subject to the licenses herein granted and agreed to be granted to the Northern Company and the Bell Company of Canada) all right, title and interest of the Northern Company in and to all patents, applications for patents, inventions and exclusive rights under patents and inventions, in and for any and all countries, (including the exclusive licenses under patents and other patent rights granted and agreed to be granted to it by the Electrical Properties Limited in and by virtue of the said agreement of the 23rd day of April, 1914) which the Northern Company now owns; and also all patents, applications for patents, inventions and exclusive patent rights (except the rights herein granted and agreed to be granted by the International Company) which it may hereafter acquire during the term of the present agreement in respect of inventions which have been or shall have been made by the respective employees of the Northern Company or its associated or allied companies and which are acquired during the term of this agreement by the Northern Company without cost or at a merely nominal cost.

4. The Bell Company of Canada hereby assigns and agrees to assign to the International Company, its successors, assigns, legal representatives and nominees (subject to the licenses herein granted or agreed to be granted to the Bell Company of Canada and the Northern Company) all right, title and interest of the Bell Company of Canada in and to all patents, applications for patents, inventions and exclusive rights under patents and inventions, in and for any and all countries, which the Bell Company of Canada now owns, and also all patent applications for patents, inventions and exclusive patent rights which it may hereafter acquire during the term of this agreement in respect of inventions which have been or shall have been made by the respective employees of the Bell Company of Canada or its associated or allied companies and which are acquired or shall have been acquired during the term of this agreement by the Bell Company of Canada without cost or at a merely nominal cost.

5. The Northern Company and the Bell Company of [fol. 5485] Canada each for itself agrees that as to all pat-

ents, applications for patents, inventions and patent rights (except non-exclusive, non-assignable licenses) which may hereafter be acquired by it at more than a nominal cost, or be submitted to it for purchase, it will promptly notify the International Company thereof and of the cost or price thereof, and will upon written request of the International Company assign the same (if already acquired) to the International Company at the actual cost thereof, or purchase the same (if submitted for purchase) for the International Company at the latter's expense.

6. The International Company hereby grants and agrees to grant to the Northern Company and to the Bell Company of Canada, severally, licenses to make, use and sell under all patents of the Dominion of Canada and Newfoundland, which the International Company now owns or which it may hereinafter own, or in respect of which it has or may hereafter acquire the right to grant such licenses, for inventions which have been or which may during the term of this agreement be acquired by the International Company from its employees, or from any of its associated or allied companies, where such inventions have been or shall have been acquired without additional cost for the Canadian and Newfoundland rights (including those inventions which it has acquired or shall hereafter acquire under and by virtue of the present agreement); such licenses to the Northern Company during the term of this agreement to be exclusive (except for the licenses herein granted to the Bell Company of Canada and except for such compulsory licenses as the laws of Canada and Newfoundland may require to be granted to others), and to be non-exclusive from and after the termination of this agreement until the ends of the terms of such patents respectively; and such licenses to the Bell Company of Canada to be non-exclusive during the entire terms of such patents respectively.

* * * * * * *

9. The International Company will regularly furnish the Northern Company and the Bell Company of Canada, copies of specifications of all applications for United States patents covering inventions with respect to which said Companies are or will be entitled to licenses under this agreement, and will consider any suggestions received from

either of said Companies as to the advisability of taking and maintaining patents in Canada and Newfoundland for such inventions, and as to the advisability of purchasing patents, applications, inventions and patent rights for [fol. 5486] Canada and Newfoundland or of conducting litigation upon or involving the same, but the decision of all questions relating to such matters shall remain with the International Company, except that the International Company shall be bound to take out and to maintain patents in Canada and Newfoundland for any such inventions when requested so to do by the Northern Company, or the Bell Company of Canada, so far as this is possible.

10. The Northern Company agrees to reimburse the International Company for all actual expenses incurred in preparing, filing and prosecuting applications for Canadian and Newfoundland patents, in maintaining and renewing such patents; and also for any reasonable expense which may be incurred by the International Company in acquiring rights to patent in Canada and Newfoundland inventions of its employees or employees of its associated or allied companies, in litigation upon or involving such patents; in studies and investigations relating to Canadian or Newfoundland patents or patent rights of others, and in defense of suits upon such patents; payment for all such expenses to be made by the Northern Company within thirty days from receipt of the bill therefor from the International Company.

11. This agreement shall continue in force until terminated by not less than one year's prior written notice by any party to the others of its election to cancel the same.

[fol. 5487]. In addition to the portions of this contract printed in full above, it contains, in substance, the following provisions:

Sections 1 to 6, inclusive, are printed in full above.

Section 7. The International agrees that, as to all patents or patent rights for Canada or Newfoundland, which it may hereafter acquire at more than a nominal cost or which may be submitted to it for purchase, it will notify the Northern Company and the Bell Company of Canada thereof and upon request of either or both of said Companies, grant to or purchase for said Companies, a license

similar in scope and character, so far as possible, to the license granted herein to such Companies provided that that Company or those Companies so requesting shall pay the International Company the actual cost of the rights so acquired (p. 4–5).

Section 8. Each of the parties to the contract will make arrangements with its employees who are in positions where they may be reasonably expected to make inventions whereby said employees will agree to assign to such party for nominal consideration, all rights to such inventions made in the course of their employment (p. 5).

Sections 9, 10, 11 are printed in full above."

[fol. 5488] EXHIBIT X-381

This agreement, made this 16th day of May, 1923, between the American Telephone and Telegraph Company, a New York corporation (hereinafter called the American Company), Western Electric Company, Incorporated, a New York corporation, (hereinafter called the Western Company), International Western Electric Company, Incorporated, a Delaware corporation, (hereinafter called the International Company), Northern Electric Company, Limited, a corporation of the Dominion of Canada, (hereinafter called the Northern Company) and the Bell Telephone Company of Canada Limited, a corporation of the Dominion of Canada (hereinafter called the Bell Company), witnesseth:

Whereas, by an agreement dated the 27th day of August, 1919, between the International Company, the Northern Company, the Bell Company and Western Electric Company, Limited, a corporation of the Dominion of Canada, the International Company agreed, among other things (1) to grant certain licenses to said Northern Company and said Bell Company under its patents in Canada and Newfoundland, (2) to furnish regularly to the Northern Company and the Bell Company copies of specifications of all applications for United States patents covering inventions with respect to which said last-named companies would be entitled to licenses under said agreement, and (3) upon the terms therein stated to take out and maintain patents in Canada and Newfoundland for any such inventions; and

Whereas, by a certain commercial agreement dated the 1st day of January, 1919, between said International Company and said Northern Company, the International Company appointed said Northern Company its exclusive distributor for the sale in Canada and Newfoundland of merchandise which the International Company might have the right to sell for export, and the International Company agreed, among other things, to sell such merchandise to said Northern Company at certain favorable terms as set forth in said contract, and agreed to perform certain services for said Northern Company, and said Northern Company agreed to pay to the International Company certain compensation for such services and for licenses under patents; and

Whereas, each of said agreements of August 27, 1919, and January 1, 1919, by its terms is terminable upon one year's prior written notice by either party thereto to the [fol. 5489] other; and

Whereas, by an agreement of even date herewith between the American Company and said Bell Company, the American Company agrees, among other things, to furnish copies of specifications of applications for certain United States patents, which may be filed by the American Company or said Western Company, and upon request of the Bell Company to patent or cause to be patented in Canada and Newfoundland such of said inventions as it may have the right to have so patented, and to grant or cause to be granted to said Canadian Company licenses thereunder, it being further provided in said agreement that the American Company, if and so long as it elects so to do, may perform the obligations above referred to (recited in the second section of said contract) through an arrangement to be made by it with the International Company; and

Whereas, the American Company and the Western Company are each entitled to certain rights in respect of patents and inventions of the other, in the United States of America, under and by virtue of a certain contract dated February 6, 1882, between The American Bell Telephone Company and the Western Electric Company, and an amendatory agreement between the same parties dated April 8, 1908, the American Company having succeeded to the rights and obligations of said The American Bell Telephone Company thereunder, and the Western Company

having succeeded to the rights and obligations of the Western Electric Company;

Now, therefore, in consideration of the premises and of the sum of One Dollar by each of said parties paid to the other, it is agreed as follows:

1. For the purposes of this contract, the term 'patent rights' shall be construed to include patents, applications for patents, inventions and transferable patent rights and licenses, unless it shall be clear from the context that this construction of it is inapplicable.

2. The American Company and Western Company assign and agree to assign to the International Company (subject to the rights which the American Company and [fol. 5490] the Western Company each reserves to itself) all right, title and interest which said American Company and said Western Company now have or may during the term of this agreement acquire in, to and under all patent rights in or for Canada and/or Newfoundland and (except those relating solely to trans-oceanic submarine cables or to methods or machinery for the manufacture thereof, or to terminal equipment for such cables); provided, however, that as to all of such patent rights acquired by the American Company or the Western Company at more than a nominal cost, and as to all of such patent rights submitted during said term to either of said companies for purchase, the American Company and the Western Company severally agree that they will promptly notify the International Company thereof and of the cost or price thereof, and they shall only be bound to assign the same (if already acquired) or to purchase the same for the International Company, upon written request made by the International Company, within a reasonable time after such notice, not exceeding six months, and upon payment by the International Company of the actual cost thereof, such assignments in all cases to be subject to the rights which the American Company and the Western Company each reserves to itself, as hereafter stated.

3. The American Company and the Western Company each reserves to itself and its successors the right to make, use and sell and to license others to make, use and sell under all of the patent rights assigned and to be assigned by them respectively under this contract, such reserved rights to be

exclusive with respect to trans-oceanic submarine cable, parts thereof, terminal equipment therefor and machinery for the manufacture thereof, and such reserved rights to be otherwise non-exclusive; but this reservation shall not be construed to restrict the other parties hereto in the use for other purposes (as, for example, in short distance submarine telephone cables across rivers and bays) of inventions which may be applicable both to the subject matter for which said reserved rights are exclusive and also to such other purpose.

4. The International Company assigns and agrees to assign to the Western Company (subject to a non-exclusive assignable license to make, use and sell which is hereby reserved to the International Company) all the right, title and interest which it now has or may acquire during the term of this agreement from the Bell Company or the Northern Company in, to and under all patent rights in or [fol. 5491] for the United States of America; provided, however, that as to all of such patent rights hereafter acquired by the International Company at more than a nominal cost, and as to all of such patent rights submitted during said term to the International Company for purchase, the International Company agrees that it will promptly notify the Western Company thereof and of the cost or price thereof, and it shall only be bound to assign the same (if already acquired) or to purchase the same for the Western Company within a reasonable time after such notice not exceeding six months and upon payment by the Western Company of the actual cost thereof.

5. It is agreed between the American Company and the Western Company that the said contract of February 6, 1882, as amended by the agreement of April 8, 1908, shall apply to all patent rights acquired by the Western Company under this agreement, and that the respective rights of the American Company and the Western Company in all such patent rights shall be determined in accordance with said agreement, provided, however, that nothing herein contained shall prevent any modification or termination of said contract of February 6, 1882, and said amendatory agreement, by mutual consent of the American Company and the Western Company.

6. The American Company and the Western Company each agrees that as and whenever it shall hereafter file or acquire any application for United States patent for an invention in respect of which it shall have or shall be entitled to acquire right for Canada or Newfoundland (which rights, if acquired, it would be obligated by this contract to assign to the International Company) it will promptly and regularly and of its own initiative furnish to the International Company without charge a copy of the specification and drawing of each such application, and will also furnish at cost such additional copies thereof as the International Company may require, and will, upon request made by the International Company at any reasonable time thereafter, execute and use all reasonable efforts to cause to be executed all necessary papers and documents, including applications for patents in Canada and Newfoundland for such inventions and will give all reasonable assistance and do all acts which may be reasonably required to enable the International Company to take out and maintain in its own name patents in Canada and Newfoundland for all such inventions: provided, however, that the International Company shall reimburse the American Company and the Western Company for all expenses which may be incurred [fol. 5492] by them respectively, in connection with the performance of the acts so requested by the International Company, and provided further, that if the American Company and the Western Company shall in good faith endeavor to comply with the agreements in this paragraph contained, neither of said companies shall be liable for any mistake, delay, neglect or default of their respective employees or others in connection with such matters.

7. Under all patents, applications for patents, inventions and patent rights received by the International Company from the American Company or the Western Company under this agreement, the Bell Company and the Northern Company (subject to the reservations stated in Section 3 hereof) shall have the same rights and the same obligations as under the patents covered by the said contract of August 27, 1919, and it is agreed between the International Company, the Bell Company and the Northern Company that said contract of August 27, 1919, shall be and remain in full force and effect for the entire term of

this agreement, notwithstanding anything in said agreement of August 27, 1919, to the contrary.

8. During the term of this agreement the Northern Company waives the right given to it in said commercial agreement dated January 1, 1919, to terminate said agreement as therein provided; but the right of the International Company to terminate said commercial agreement shall continue unaffected by this agreement.

9. For the purpose of this contract and all other contracts hereinbefore mentioned between any two or more of the parties hereto, in determining whether the cost of patents, applications, inventions or rights is more than "nominal", such cost shall be deemed to include only the amounts actually paid for the assignment of such patents, applications, inventions or rights and the actual expense of preparing, filing and prosecuting patent applications and obtaining patents in the country in respect of which the rights are to be assigned; that is to say, such items as the regular salaries paid to employees who are inventors and the expense incurred by any of the parties hereto in development of the inventions, shall not be taken into account.

[fol. 5493] 10. A compliance by the American Company with this agreement shall constitute the performance of its obligations to the Bell Company under sections second and third of said agreement of even date herewith between them.

11. This agreement shall terminate contemporaneously with the termination of the said agreement between the American Company and the Bell Company of even date herewith, whether said agreement be terminated by lapse of time or otherwise.

* * * * * * *

[fol. 5494] EXHIBIT X-382

Know all men by these presents that International Western Electric Company, Incorporated, a corporation of the State of Delaware, hereinafter called the Assignor, for and in consideration of One Dollar to it duly paid by Western

Electric Company, Incorporated, a corporation of the State of New York, hereinafter called the Assignee, has bargained, sold, assigned, granted and conveyed and by these presents does bargain, sell, assign, grant and convey unto the Assignee all its right, title and interest in, to and under a certain agreement in writing between the Assignor and Northern Electric Company, Limited, a corporation of the Dominion of Canada, dated January 1, 1919, wherein and whereby the Assignor and said Northern Electric Company, Limited, reciprocally appointed each other as their exclusive distributor for the sale of merchandise, the said appointment being exclusive as to said Northern Electric Company, Limited, in the Dominion of Canada and Newfoundland, and exclusive as to the Assignor in all countries outside the Dominion of Canada and Newfoundland.

To have and to hold the same unto the said Assignee, its successors and assigns for its and their use and benefit forever.

And the Assignor does hereby authorize and empower the Assignee, upon performance of the covenants and conditions in said agreement contained, to have, demand and receive the performance by said Northern Electric Company, Limited, on its part, of the terms and conditions of said agreement, to the same extent that the Assignor might have, demand and receive performance thereof had this assignment not been made.

* * * * * * *

[fol. 5495] EXTRACTS FROM EXHIBIT X-383

Agreement, made this 26th day of June, 1925, between Western Electric Company, Incorporated, a New York corporation, hereinafter called the Western Company, and Victor Talking Machine Company, a New Jersey corporation, hereinafter called the Victor Company, witnesseth:

Whereas, the Western Company has produced and developed certain improved acoustic reproducing and/or acoustic amplifying apparatus for reproducing sound by mechanical means, which apparatus, including certain improvements in the sound box, tone arm, amplifying horn and other parts, is hereinafter referred to as acoustic ap-

paratus and is adapted for use in mechanical phonographs or mechanical talking machines (meaning thereby machines for reproducing sounds from phonograph records in which a stylus moved by the record vibrates a diaphragm or other vibratory member by means of a mechanical connection thereto), and certain parts of said acoustic apparatus, such as the tone arm and amplifying horn, are also capable of use in or in connection with electrical phonograph or electrical talking machines (meaning thereby machines for electrically reproducing sound from phonographs or talking machine records), and also as acoustic amplifiers for the loudspeaker units of radio receiving sets; and the Western Company represents that it has acquired certain applications for United States patents and rights in respect of inventions relating to said acoustic apparatus, as follows:

Application Serial Number	Filed
603,005	November 24, 1922
610,977	January 6, 1932
628,168	March 28, 1923
662,387	September 13, 1923
668,801	October 16, 1923
678,935	December 6, 1923
728,996	July 30, 1924
756,409	December 17, 1924
757,277	December 20, 1924
759,182	December 31, 1924
33,619	May 29, 1925

copies of which applications have been furnished to the Victor Company, together with such information as the Western Company has available with reference to the [fol. 5496] pertinent outstanding patents; and

Whereas, the Victor Company having examined said acoustic apparatus and having witnessed demonstrations thereof in connection with mechanical talking machines is desirous of acquiring licenses of the character and scope hereinafter stated, in respect of said inventions or improvements of the Western Company and such other inventions and improvements relating to mechanical talking machines as the Western Company and/or the American Telephone and Telegraph Company (a New York corporation) may hereafter develop or acquire during the term of this agreement; and the Victor Company also desires to obtain

the engineering assistance and advice of the Western Company and the benefits of its experiments and laboratory development work relating to mechanical talking machines to the end that the Victor Company may obtain the advantages thereof during the continuance of this agreement in connection with the Victor Company's business;

Now, therefore, in consideration of the covenants and agreements herein contained and the licenses herein granted and agreed to be granted, and in further consideration of the initial payment by the Victor Company to the Western Company of the sum of One Hundred Thousand Dollars ($100,000), the receipt of which is hereby acknowledged, the parties hereto agree as follows:

Article I

Engineering and Technical Information and Assistance.

1. The Western Company agrees that it will at its own cost and expense promptly after the execution of this agreement furnish to the Victor Company:

(a) drawings, specifications, full data and information concerning the mechanical phonographs or talking machines and parts therefor heretofore developed by the Western Company, and

(b) one complete sample of each phonograph or talking machine part or one complete phonograph or talking machine embodying the same of each of the Western Company's present preferred types of such talking machine or parts in each size which the Victor Company may reasonably require.

[fol. 5497] 2. The Western Company further agrees that it will from time to time hereafter during the continuance of this agreement at its own cost and expense furnish to the Victor Company:

(a) drawings, specifications and full data and information concerning all further inventions and improvements in or adapted for use in mechanical phonographs or talking machines which the Western Company and/or the American Telephone & Telegraph Company may hereafter produce or acquire, and which may be of advantage for commercial manufacture and sale, and

(b) one model of each device containing such inventions or improvements, if required by the Victor Company,

to the end that the Victor Company may at all times during the continuance of this agreement be in complete possession of full information regarding such inventions and improvements and the manufacture thereof, within a reasonable time after the Western Company and/or said American Telephone & Telegraph Company shall have produced, developed or otherwise acquired the same.

* * * * * * *

5. If any suit, action or proceeding based upon the claim that the manufacture, use and/or sale of the said acoustic apparatus as embodied in the samples to be furnished by the Western Company under Paragraph (b) of Section 1 of Article 1 hereof constitutes an infringement of any Letters Patent of the United States should be brought against the Victor Company and/or any of the purchasers of its goods, the Western Company will at its own cost and expense furnish the services of a practical engineer or expert to assist in the defense of said suit, action or proceeding; and the Western Company will also furnish the Victor Company at the Western Company's own cost and expense all information in its possession or available to it which may be useful in the defense of said suit, action or proceeding.

Article II

Licenses to the Victor Company

1. The licenses herein granted and agreed to be granted [fol. 5498] by the Western Company are under all United States patents and applications for United States patents for inventions or improvements (whether machines, processes or compositions of matter) relating or applicable to mechanical phonographs or talking machines or parts thereof or to machines, processes or compositions of matter applicable to the manufacture thereof, which are now or which may during the continuance of this agreement be owned or controlled by the Western Company and/or the American Telephone & Telegraph Company or in respect of which said companies or either of them now has or dur-

ing the continuance of this agreement may acquire the right to grant such licenses, specifically including all of the applications recited in the preamble hereof.

* * * * * * *

5. With the reservations and exceptions aforesaid the Western Company hereby grants and agrees to grant to the Victor Company licenses for the continental United States, Alaska and Hawaii under the patents and applications referred to in Section 1 of this Article II:

(a) to make, use and sell for entertainment and/or educational purposes mechanical phonographs or talking machines and parts for use in such mechanical phonographs or talking machines including, but without limiting the generalty of the foregoing, sound boxes, needles, tone arms and/or horns (parts being licensed for sale separately for use only in mechanical phonographs or talking machines heretofore or hereafter manufactured or sold by the Victor Company and/or its sublicensees hereunder); and

(b) to use methods and to make and use machines and compositions of matter for the manufacture of the apparatus described in (a) of this section and the talking machines or phonographs and acoustic parts referred to in paragraph (a) of Section 6 of this Article, so far as and to the extent that the Western Company and/or the American Telephone and Telegraph Company have or may acquire the right to grant such licenses in view of their existing contractual obligations to the General Electric Company under a certain license agreement with the latter dated July 1, 1920.

[fol. 5499] 6. With the reservations and exceptions aforesaid the Western Company also hereby grants and agrees to grant to the Victor Company licenses for the continental United States, Alaska and Hawaii under the patents and applications for patents referred to in Section 1 of this Article II:

(a) To manufacture mechanical talking machines or phonographs and/or acoustic parts thereof, such as the horns, tone arms and sound boxes for assembly for use for entertainment and/or educational purposes (1) in combination with radio receiving apparatus or parts thereof

and/or (2) in combination with devices or parts thereof for the electrical reproduction of sound from commercial talking machine records.

(b) To assemble, use and sell said combinations for entertainment and/or educational purposes, and

(c) to sell said acoustic parts for repair and/or replacement purposes, and

(d) to sell complete mechanical phonographs or talking machines (but not parts thereof separately) for assembly in whole or in part in such combinations by wholesalers, jobbers, dealers or users,

provided, however, that so far as any of said radio apparatus and said devices for the electrical reproduction of sound or any of said combinations are or shall be covered by patents or applications for patents of the Western Company or the American Telephone and Telegraph Company all of said radio receiving apparatus and parts thereof and all said devices and parts thereof for the electrical reproduction of sound so assembled, used or sold (other than those which the Victor Company is licensed to manufacture in Paragraph (a) of this Section 6), shall be licensed for assembly, sale and use in such combinations by any person, firm or corporation having the right to grant such licenses in respect of such combinations.

The licenses granted and agreed to be granted in this Section 6 are limited as herein stated for the reason that the Western Company represents that it has heretofore [fol. 5500] granted to others certain exclusive licenses with respect to radio receiving apparatus and desires to retain the right to grant exclusive licenses with respect to electrical phonographs or talking machines, to which its said inventions in acoustic apparatus may be applicable.

7. The licenses to the Victor Company referred to in paragraph (a) of Section 5 of this Article are and shall be exclusive to the Victor Company within the restricted field for which said licenses are expressed as granted, except that the Western Company reserves the right within two years after December 31, 1926, to grant non-exclusive non-assignable licenses within the same field (and for all or any part of the terms of the respective patents) to the Columbia Phonograph Company, Inc., if the latter Company is actu-

ally engaged in the business of manufacturing and selling phonographs or talking machines at the time within said two years period when such licenses shall be granted to it. Nothing herein contained shall be construed to restrict or limit the Western Company in granting licenses or in exercising rights for fields, uses and purposes outside of those stated in said paragraph (a) of said Section 5.

Article IV

Royalties to be Paid by the Victor Company

1. The Victor Company agrees, subject to the provisions hereof, to pay to the Western Company as compensation for the licenses herein granted and agreed to be granted and for the technical information and assistance to be rendered by the Western Company hereunder a royalty upon all apparatus which may hereafter be sold, leased or put into commercial use by the Victor Company under this license and agreement and by its sub-licensees under sub-licenses granted hereunder, embodying any of the inventions or improvements licensed or agreed to be licensed to the Victor Company under Paragraph (a) of Section 5 and under Section 6 of Article II. Said royalty shall (except as hereinafter expressly provided) be based upon the total sales of such apparatus under this license during each "royalty period" during the continuance hereof (the first royalty period being from the date hereof to January 1st, 1927, and each succeeding twelve months' period of the continuance of this agreement being a royalty period), the [fol. 5501] rates of royalty payable upon such sales during each royalty period being in accordance with the following schedule:

Upon the first $2,000,000 of such sales in each royalty period	5%
Upon the second $2,000,000 of such sales	4%
Upon the third $2,000,000 of such sales	3%
Upon the fourth $2,000,000 of such sales	2%
Upon all such sales above $8,000,000	1%

The expression "total sales" as used herein means the total amount realized by the Victor Company and its sub-

licensees during each royalty period as the sales price, rental or other compensation for said apparatus, so sold, leased or put into commercial use by them hereunder.

2. The Western Company agrees to credit the said initial payment of One Hundred Thousand Dollars ($100,000) made by the Victor Company to the Western Company upon the execution of this agreement against royalties accruing hereunder on account of said apparatus so sold, leased or put into commercial use hereunder during the first royalty period as above defined.

* * * * * * *

8. The Victor Company agrees, subject to the provisions hereof, to pay to the Western Company as royalty for the first royalty period aforesaid a minimum of One Hundred Thousand Dollars ($100,000)—against which the Western Company shall credit as before stated the said initial payment of One Hundred Thousand Dollars ($100,000) made by the Victor Company upon the execution of this agreement and recited as part of the consideration hereof—and the Victor Company further agrees, subject to the provisions hereof, to pay to the Western Company as royalty for each succeeding twelve months' royalty period (after said first royalty period) during the further continuance of this agreement a minimum of One Hundred Thousand Dollars ($100,000). The amount (if any) necessary in addition to [fol. 5502] the royalty accruing at the regular rates for each twelve months' period in order to make up said minimum of One Hundred Thousand Dollars ($100,000) for that period shall be payable at the time the last quarterly statement covering such period is due. Royalties paid by the Victor Company in excess of One Hundred Thousand Dollars ($100,000) for any such royalty period shall not be credited against the minimum required for any other period.

* * * * * * *

Article XII

Duration and Termination of Agreement, Its Construction and Assignability

1. This agreement, unless otherwise terminated as herein provided, shall continue in force until January 1st, 1936,

and thereafter until terminated by either party on six months' written notice to the other of intention to terminate the same, and upon the expiration of said period of six months from such notice this agreement shall terminate, provided that no such notice shall be given by the Western Company prior to January 1st, 1941, and upon the expiration of said period of six months from such notice this agreement and all licenses herein granted and agreed to be granted and all obligations of the respective parties hereunder shall terminate, except as herein otherwise specifically provided.

* * * * * * *

The undersigned American Telephone and Telegraph Company, a New York corporation, hereby consents to the foregoing agreement and to the extent of its interest in the patents, applications for patents and inventions in respect of which licenses are therein granted and agreed to be granted by Western Electric Company, Incorporated, to Victor Talking Machine Company, hereby grants to said Western Electric Company, Incorporated, the right to grant said licenses.

American Telephone and Telegraph Co., by W. S. Gifford, President. Attest: A. A. Masters, Secretary. (Seal.)

[fol. 5503] In addition to the portions of this contract printed in full above, it contains, in substance, the following provisions:

Section 3. Western agrees from time to time upon the request and at the expense of Victor, to furnish special assistance and advice in connection with manufacturing methods, and such other data as it may be in a position to furnish in connection with the design, manufacture and use of acoustic apparatus under the licenses granted, also such additional models or samples of said acoustic apparatus adapted for use under the licenses and embodying Western's present or future improvements as Victor may order, also the services of an experienced engineer to assist Victor (p. 9). Section 4. In connection with the services rendered under section 3, Victor agrees to pay Western the complete cost incurred by Western. Section 5 quoted in full above.

Article II

In section 2 it is recognized that the inventions of some of said patents and applications may be applicable to other apparatus than that which Victor is licensed to make, use and sell hereunder, and said licenses do not cover all embodiments of said inventions but are limited to the particular embodiments for which said licenses are expressed as granted. Secton 3. No rights granted for talking motion pictures or for phonograph or talking machines for other than entertainment and educational purposes (p. 12). Section 4. No rights granted for export except to Hawaii and Alaska without consent of International Western Electric Company. Sections 5, 6 and 7 quoted in full above. Section 8. Victor has the right to grant sub-licenses to others except to Columbia Phonograph Company, until after De- [fol. 5504] cember 31, 1928, but Victor shall remain responsible for the payments of royalties under such sub-licenses. Section 9. Termination of agreement does not terminate right of Victor to use and sell apparatus manufactured prior to such termination or in course of manufacture (pp. 11-16).

Article III

Licenses to Western Electric Company

Section 1. Victor Company will, upon written request of Western, at any time during the period of the agreement or within five years after its termination, grant to Western and to the American Telephone and Telegraph Company non-exclusive licenses under all United States patents for improvements in acoustic apparatus which are or shall during the continuance of the agreement be owned or controlled by Victor or concerning which it may acquire the right to grant such licenses to manufacture, use and sell the inventions covered by said patents in the field of electrical transmission and electrical reproduction of sound so far as said inventions are or may be applicable to said fields. No rights agreed to be granted to Western or American Company to manufacture, use or sell phonographs or talking machines of any kind. Licenses granted to Western or the American Company are to be free of royalties or other considerations than this agreement for the entire terms of the respective patents, and shall be as-

signable only to the successors in business of the Western Electric Company or of the American Company; nothing in Article III to be construed as requiring Victor to grant any licenses contrary to the terms of an agreement between it and the Radio Corporation of America dated May 16, 1925.

[fol. 5505] Article IV

Sections 1 and 2 printed in full above. Section 3. The royalties payable under the contract with respect to machines, the selling price of which is $45 or less and which embody no inventions of Western or of the American Company except in the sound box shall be based upon 33⅓ per cent only of such selling price except that as to phonographs and talking machines that Victor had in stock at the time of the contract, the only royalty shall be at the rate of 25 cents upon each (pp. 18 and 19). Section 4. Talking machines or phonographs not embodying inventions licensed hereunder except those relating to needles or as to which Victor has not had previous notice in writing of the rights of Western or of the American Company shall not be subject to any royalty, except as to the specified royalty on needles provided in the contract (p. 19). Section 5. No royalty shall be payable upon tungsten needles or other needles embodying no inventions licensed under the contract. Other needles embodying patentable inventions or improvements licensed under the contract shall, except when furnished with phonographs, be subject to royalties in the same way as replacement parts (p. 19). Royalties payable with respect to combination apparatus referred to in section 6 of Article II shall be based upon ½ only of Victor's selling price of the complete combined apparatus, provided that Victor shall pay royalties only for and to the extent that its rights to manufacture are dependent upon the present agreement as distinguished from rights independently acquired. If Victor's right to manufacture is based in part upon rights granted under the contract and partly upon rights gained independently, royalties shall be based upon ¼ only of Victor's selling price. [fol. 5506] If rights to manufacture or sell apparatus covered by the present or future patents of Western or of the American Company have or shall be acquired inde-

pendently of the present agreement by Victor from others to whom Western or the American Company have granted such rights, then such apparatus shall not be subject to royalty under the present contract (pp. 20 and 21). No apparatus shall be subject to more than one royalty and resales of apparatus shall not be subject to royalty. Section 8 printed in full above (p. 21). Section 9 grants Victor certain relief in case of interruption of its rights to use licenses obtained by injunction (pp. 22 and 23). Section 10. Victor agrees to keep accurate records of business done under licenses and Western has right to audit them (pp. 23 and 24). Section 11. In the event that Western or the American Company shall within two years after December 31, 1926, grant any licenses to Columbia Phonograph Company for the manufacture, use and sale in the United States of mechanical phonographs upon terms more favorable as to rates of royalty or minimum royalty than those payable by Victor hereunder, the rates or minimum royalties of Victor provided in this contract shall thereafter be reduced so as to become as favorable as those given to the Columbia Company.

Article V provides for termination of the contract in case of default by Victor (pp. 24-25). Article VI grants Victor right, if patents are not protected by Western, to submit question to arbitration and if it is then found that the rates or minimum royalties are unfair because of such failure to protect, Victor may terminate the agreement or reduce the rates of payment accordingly. Upon the ter-
[fol. 5507] mination of this agreement, Victor shall be free to dispute and contest the validity and scope of all patents for which licenses are given (pp. 25-27). Article VII provides for the marking of apparatus manufactured by it under terms of the contract (pp. 27-28). Article VIII. Western warrants its right to grant licenses to Victor Company as expressed in section 5 of Article VII (pp. 28-29). Article IX provides for limited liability in case of strikes, etc. Article X provides for addresses for notices (pp. 29-30). Article XI provides for arbitration.

[fol. 5508] EXTRACTS FROM EXHIBIT X-385

Agreement made this 18th day of March, 1925, between Western Electric Company, Incorporated, a New York cor-

poration, hereinafter called the Western Company, and Victor Talking Machine Company, a corporation of the State of New Jersey, hereinafter called the Lessee.

* * * * * * *

1. The Western Company agrees promptly to furnish and install at the Laboratories of the Lessee at Camden, New Jersey, one complete electrical sound recording equipment, comprising the apparatus set forth in the schedule attached hereto and marked "Schedule A", of the Western Company's latest standard type embodying such inventions and improvements of the Western Company as in the judgment of its Engineers are most practicable and necessary for use at the Lessee's said laboratories to record sounds upon master records to be used in the manufacture of commercial phonograph records. The said sound recording equipment is to remain the property of the Western Company, and the lessee is hereby given the right, subject to the conditons and agreements herein contained, to use the same during the term of this agreement for the purpose of sound recording in the production of master phonograph records, and for no other use or purpose.

* * * * * * *

4. The Western Company agrees (without limitation to the term of this agreement) that it will, at its own expense, defend any and all actions and suits that may at any time be brought against the Lessee or its customers for infringement of patents by reason of the employment by the Lessee of methods, systems and/or equipment of the Western Company hereunder, for the purposes and in the manner contemplated by this agreement, and will pay and satisfy all judgments and decrees for profits, damages and/or costs which may be finally awarded against the Lessee or its customers by the court of last resort in any such action or suit, on account of any such infringement; provided, however, that the Western Company's liability shall be limited to the amount of the initial payment and royalties actually received by it hereunder, plus fifty per cent (50%) of the excess of any such judgments or decrees over said amount, the Lessee hereby assuming the payment of the remainder of any such judgments or decrees, and provided further that the Western Company shall have been

given prompt notice of any such actions, suits and claims of infringement and full opportunity to defend the same; and

In the event that the use contemplated by this agreement of any apparatus as furnished by the Western Company to the Lessee hereunder shall be prevented by injunction or restraining order, the Lessee may at its option, within one hundred twenty (120) days of such injunction or restraining order, either (a) terminate this agreement by notice in writing to the Western Company to that effect or (b) indicate to the Western Company by notice in writing its willingness to share equally with said Western Company the cost of obtaining necessary rights by purchase or on a royalty basis under the patent or patents upon which such injunction or restraining order is based and [fol. 5509] in the event that the Western Company declines or refuses to share such cost, it shall serve written notice thereof on the Lessee and the Lessee shall have the right within ten days thereafter to terminate this agreement as in (a) (Exhibit X-385) hereinabove provided.

In the event that the Lessee shall terminate this agreement as hereinabove provided in options (a) or (b) during the first fifteen months of the term hereof the Western Company shall refund to the Lessee a portion of the initial payment of Fifty thousand dollars ($50,000), which portion shall be in the same ratio to the entire initial payment as the unexpired portion of said first fifteen months of the term hereof is to said entire first fifteen months.

Should the use of a portion or item of any apparatus furnished by the Western Company hereunder to the Lessee be prevented by injunction or restraining order, and should the Lessee at its sole cost acquire rights or licenses under the patent or patents upon which such injunction or restraining order is based, it is the intention hereof that the parties hereto shall thereupon endeavor to mutually agree upon fair and equitable modifications in the scale of royalties thereafter to be paid by the Lessee to the Western Company during the remainder of the term hereof.

Provided that the agreements in this section contained shall not apply to any infringement or claim of infringement relating to phonograph records themselves except

insofar as the Western Company's method or system is involved therein, or to the methods or apparatus which are not furnished or approved in writing by the Western Company for the electrical recording of sound, or to any infringement or claim of infringement relating to combinations which involve apparatus not furnished or approved in writing by the Western Company hereunder; and

Provided, further, that the liability of the Western Company in respect of patent infringements shall be limited to the agreements in this Section 4 contained.

* * * * * * * * *

7. The Lessee agrees that all master records or other records used in the production of commercial records, upon which sounds are directly or indirectly recorded by use of the methods, apparatus or equipment of the Western Company (as distinguished from commercial records manufactured by impression or otherwise from such master records [fol. 5510] or other records) will be at all times, without limitation to the term of this agreement, for the Lessee's exclusive use in the manufacture of commercial records by or for the Lessee, itself, in the Continental United States of America, Alaska and Hawaii, and the Lessee agrees not to permit, except as hereinafter provided, any such master records or other records except commercial records, to be shipped outside the Continental United States, Alaska or Hawaii, or to be used in any manufacture of commercial records for others than the Lessee itself;

* * * * * * * * *

8. The Lessee agrees to furnish to the Western Company full and accurate quarterly statements within forty-five (45) days after the end of each quarter of each twelve months' period of the term of this contract, showing the total number of commercial phonograph records as distinguished from master records (and the term "master records", wherever used in this agreement, shall be interpreted to mean any records used or employed in any manner, in, or in connection with, the manufacture of commercial records), sold by the Lessee during the preceding quarter, which shall have been manufactured from or in accordance with any master records produced directly or indirectly by the use of the Western Company's appa-

ratus, equipment, methods, inventions or improvements, and the Lessee shall pay to the Western Company a royalty on its annual sales of such commercial records in accordance with the following schedule (the amount of said initial payment of Fifty thousand Dollars ($50,000) except as provided to the contrary in Section 4 hereof, being credited against royalties accruing in accordance with said following table during the first fifteen months from and after the date of this contract);

1. On each of the first five million records sold in any twelve months' period of the term of this contract, one (1) cent per record;

2. On each of the second five million records sold in any such twelve months' period, three-quarters (¾) of one cent per record;

3. On each of the next ten million records sold in any such twelve months' period, one-half (½) of one cent per record;

4. On each record sold in excess of twenty million in any such twelve months' period, one-quarter (¼) of one cent per record.

[fol. 5511] The term "record" as used in the royalty schedule just preceding shall be read as "commercial record", whether said record embodies one or two recorded surfaces. Royalty shall be computed upon the basis of the sales of each twelve months' period separately and not upon the basis of cumulative sales from year to year. The Lessee shall, however, have the right to deduct and to receive credit for, at the average rate of royalty ascertained by application of the above schedule of rates to the total sales for the year in which the records are returned in making its statements of royalties to the Western Company, all records which are returned in exchange or because of being damaged, broken or otherwise rendered unsalable or for any other reasons which are in accordance with the Lessee's usual trade practices. If the Western Company should at any time during the term of this agreement grant to others in the United States of America rights similar to those herein granted to the Lessee upon lower rates of royalty or on more favorable terms than those above specified, then the royalties to be paid by the

Lessee hereunder and the terms embodied herein shall thereupon and thereafter be modified to conform to such lower rates of royalty and changed terms, provided, however, that the minimum annual royalties required to avoid termination as provided in Section 9 hereof, shall obtain notwithstanding. The Lessee agrees that all accounts rendered by it to the Western Company shall be certified to by the certified public acountants who regularly audit the books of the Lessee, but the Western Company shall have the right at its option and at its own expense, to verify the accounts so rendered to it by the Lessee by examination of the Lessee's records by a certified public accountant or accountants of the Western Company's selection.

Each quarterly statement shall be accompanied by payment of the royalties shown to be due thereby. The Lessee agrees in any event to pay a minimum royalty for each twelve months' period of the term hereof to the Western Company of Fifty Thousand ($50,000) Dollars.

* * * * * * *

18. This agreement, unless otherwise terminated as herein provided, shall continue in force for a period of ten years and three months from date hereof and thereafter until terminated by either party on six months' written notice to the other of intention to terminate the same, and upon the expiration of said period of six months from [fol. 5512] such notice this agreement shall terminate; provided that no such notice shall be given by the Western Company prior to the expiration of fourteen (14) years and nine (9) months from the date hereof; and provided further that no such termination shall relieve the Lessee from its obligations under Sections 7, 8, 11 and 12 hereof, and all provisions of this agreement respecting the apparatus and equipment furnished by the Western Company to the Lessee prior to such termination shall be and remain binding upon the Lessee at all times.

* * * * * * *

[fol. 5513] Addition to the portions of this contract printed in full above; it contains, in substance, the following provisions:

Section 1 is quoted in full above.

Section 2. Western agrees to give lessee instructions regarding the use of the equipment furnished and to advise

lessee from time to time of all improvements made by it relating to the methods, system and apparatus for the electrical recording of sound. Western also agrees to furnish the services of a competent engineer to give technical advice and assistance to lessee. The expenses of the engineer shall be reimbursed to Western by lessee (p. 7-8).

Section 3. Western agrees upon request of lessee to furnish and install additional, complete equipment described in Schedule A, or supplementary or replacing equipment for the same purposes, or equipment necessary to make available to lessee improvements. All such equipment to be subject to the terms of this contract (p 8-9).

Section 4 printed in full above.

Section 5. Licenses from Western do not relate to the manufacture of commercial records from master records but only to methods and apparatus for receiving, transmitting and recording sounds upon master records from which commercial records may be manufactured (p. 11).

Section 6. Rights granted are non-exclusive and do not include talking motion pictures but are limited to the production and sale of phonograph records for the same general purpose as the commercial records heretofore produced by lessee.

Section 7. In addition to the provisions of this section [fol. 5514] quoted in full above, it is agreed that nothing permits the lessee to make such master records out of the United States and that lessee will not pass on information or experience as to the manufacture of such master records to any persons or firms except its allied concerns (p. 11-12).

Section 8 printed in full above (p. 13-15).

Section 9. Western may terminate agreement if minimum royalties are not paid but such termination shall be in lieu of all other remedies (p. 15-16).

Section 10. Labels used in connection with records shall contain such notices as may be necessary to protect each and all of the patents involved. The name of the Western may be used on such label (p. 16).

Section 11. Upon termination of the contract, lessee shall be under obligations to pay royalties as to the records then manufactured (p. 16-17).

Section 12. Title of all apparatus to remain in the Western (p. 17).

Section 13. Lessee shall return all apparatus to Western upon termination of contract (p. 17-18).

Section 14. Liability limited in case of loss caused by riots and so forth (p. 18).

Section 17. Covers address for notices.

Section 16. Agreement to be construed according to the laws of New York. (p. 19).

Section 17. Provides for arbitration.

Section 18. Printed in full above.

Section A. List of the apparatus comprising the complete electrical sound recording equipment referred to in the contract (p. 21).

[fol. 5515] EXTRACTS FROM EXHIBIT X-386

Agreement, made as of the first day of May, 1925, between International Western Electric Company, Incorporated, a Delaware corporation, hereinafter called the International Company, and Victor Talking Machine Company, a New Jersey corporation, hereinafter called the Lessee:

* * * * * * *

1. The International Company agrees promptly to furnish to the Lessee, f. o. b. Camden, New Jersey, one complete electrical sound recording equipment, of the Western Company's latest standard type, comprising the apparatus set forth in the schedule attached hereto and marked "Schedule B" embodying such inventions and improvements of the Western Company as, in the judgment of its engineers, are most practicable and necessary for use in recording sounds upon master records to be used in the manufacture of commercial phonograph records. The said sound recording equipment is to remain the property of the International Company but the lessee is hereby given the right, subject to the conditions and agreements herein contained, to use the same during the term hereof, and to permit its associated and subsidiary companies within said territory to use the same during the term hereof, for the purpose of sound recording in the production of master phonograph records and for no other use or purpose. The term "associated and subsidiary companies" as used in

this section and elsewhere throughout this agreement, as applying to associated and subsidiary companies of the Lessee, or of allied companies of the Lessee, shall be deemed to mean any company or companies, partnerships or firms engaged in the production and/or sale of phonographic records in said territory, which are owned or controlled by the Lessee or by such allied companies of the Lessee by way of stock ownership or otherwise.

* * * * * * *

4. The International Company agrees, without limitation to the term of this agreement, that it will at its own expense defend any and all actions and suits that may at any time be brought in those portions of said territory particularly specified in Part 2 of "Schedule A" against the Lessee or any other of its associated or subsidiary companies or any of its or their customers for infringement of patents by reason of the employment by the Lessee or any of its associated or subsidiary companies, of the methods, systems and/or equipment covered hereby for the purposes and in the manner contemplated by this agree-[fol. 5516] ment and will pay and satisfy all judgments and decrees for profits, damages and/or costs which may be finally awarded against the Lessee and/or any of its associated or subsidiary companies or any of its or their customers by the court of last resort in any such action or suit, on account of an such infringement, provided, however, that the International Company's liability hereunder shall be limited to the amount of royalty actually received by it in respect of sales made by the Lessee and/or its associated or subsidiary companies in the particular country in which said judgment or decree is rendered, plus fifty (50%) per cent of the excess of any such judgment or decree over said amount, the Lessee indemnifying and saving harmless the International Company from the remainder of any such judgment or decree, and provided further, that the International Company shall have been given prompt notice of any such actions, suits and claims of infringement and full opportunity to defend the same, and provided further that the International Company assumes no liability hereunder in respect of any such actions, suits or claims of infringe-

ment in any portion of said territory not particularly specified in part 2 of "Schedule A".

* * * * * * *

8. The Lessee agrees to pay to the International Company a minimum royalty of ten thousand ($10,000) dollars for the first fourteen months of the term hereof ending June 30th, 1926, and a minimum royalty of ten thousand ($10,000) dollars for each twelve months thereafter during the term of this agreement. Said minimum royalties for each twelve months' period subsequent to June 30th, 1926, shall be paid by the Lessee in quarter-annual installments of two thousand five hundred ($2,500) dollars each, and the initial payment of ten thousand ($10,000) dollars hereinabove provided to be made by the Lessee to the International Company shall be applied by the International Company in satisfaction of the minimum royalties above provided for shall be paid to and applied by the International Company in satisfaction pro tanto of royalties payable by the Lessee to the International Company, in accordance with the provisions of this section, for the period in respect of which such minimum royalties shall be payable.

The Lessee shall pay to the International Company a royalty based upon its annual sales, and those of its associated and subsidiary companies in said territory (exclusive of sales to the Lessee or any of its associated and subsidiary companies) of commercial records produced in accordance with the Western Company's methods or systems and/or with the Western Company's apparatus or equipment in accordance with the following schedule.

[fol. 5517] 1. On each of the first two and one-half million records sold in any twelve months' period of the term of this contract, one cent (1¢) per record.

2. On each of the next two and one-half million records sold in any twelve months' period three-quarters (¾¢) of one cent per record.

3. On each of the next five million records sold in any such twelve months' period, one-half (½¢) of one cent per record.

4. On records sold in excess of ten million in any such twelve months' period, one-quarter (¼¢) of one cent per record.

The term "record" as used in the royalty schedule just preceding shall be read as "commercial record" whether said records embody one or more recorded surfaces, and the term "twelve months' period" shall be interpreted to mean first period of fourteen (14) months of the term hereof, ending June 30th, 1926, and each period of twelve calendar months thereafter. Royalties shall be computed on the basis of the combined sales of each period separately of the Lessee and its associated and subsidiary companies throughout the entire territory, and not on the basis of cumulative sales from year to year. The Lessee, however, shall, in making its statements of royalties to the International Company, have the right to deduct and to receive credit for all records which are returned in exchange or because of being damaged, broken or otherwise rendered unsalable, or for any other reasons which are in accordance with the Lessee's usual trade practices, at the average rate of royalty ascertained by application of the above schedule of rates to the total sales for the period in which such records are returned.

* * * * * * *

9. The International Company may, within ninety (90) days after the end of the second, or any subsequent twelve-months' period of this agreement, terminate the same if it so elects, by giving written notice to the Lessee to that effect, unless the minimum royalty herein provided for shall be paid by the Lessee to the International Company in accordance with Section 8 hereof for such twelve months' period then ended. The exercise by the International Company of its election to so terminate this agreement in such event shall be in lieu of any other remedies given by law for failure to pay the minimum royalty above provided, which [fol. 5518] remedies the International Company retains, however, in the event that it does not exercise such option to terminate.

Such termination shall take place ninety (90) days after the receipt of such notice from the International Company

to the Lessee, provided, however, that the Lessee may at any time within said period of ninety days, avoid such termination on that account by paying to the International Company the amount necessary, in addition to any royalties, theretofore paid in respect of such twelve months' period, to make up the minimum total amount required for the twelve months' period then ended, as above stated.

If, at any time, the Lessee shall be in default in the performance of any of its obligations to make payments hereunder, the International Company may, at its option, terminate this agreement by ninety (90) days written notice to the Lessee to that effect, unless such default shall have been removed and all sums due hereunder to the International Company at the date of such notice shall have been paid with interest at the rate of six (6%) per cent per annum within said period of ninety days. If the Lessee shall at any time become bankrupt or insolvent, the International Company may, by written notice to the Lessee, terminate this agreement forthwith.

* * * * * * * *

"SCHEDULE A"

Territory Covered

Part 1. General Description of Territory:

The territory covered by this agreement includes all lands and islands between West Longitude 30 and West Longitude 170 including the Americas (excepting, however, the Continental United States, Alaska and Hawaii), the whole of Greenland and all the Aleutian Islands and shall comprise in addition the Philippine Islands the Chinese Republic (including Manchuria and all islands whether in Chinese or foreign possession lying in such relation to the coast of China as to be geographically and commercially part of the Chinese territory (such as Hong Kong) the Japanese Empire (including Formosa and all Islands [fol. 5519] whether in Japanese or foreign possession lying in such relation to the Japanese Empire as to be geographically and commercially a part of the Japanese territory) Annam, Cochin China, Tongking, Cambodia, and Corea.

* * * * * * * *

[fol. 5520] This contract, dated May 1, 1925, between International Western Electric Company and Victor Talking

Machine Company (called lessee), in addition to the portions printed in full above, contains, in substance, the following provisions:

Section 1 printed in full above. In section 2, International agrees to give lessee full instructions regarding the use of the equipment furnished and to advise the lessee further from time to time of all improvements of the Western Electric Company relating to methods, systems or apparatus for the electrical recording of sound. International also agrees to furnish lessee the services of competent engineers to give technical information, advice and assistance to lessee, but at the expense of lessee (pp. 3, 4).

Section 3. International agrees to furnish lessee from time to time additional apparatus, equipment or material, as follows: Additional complete equipment described in schedule B, or supplemental or replacing equipment or equipment necessary to make available improvements in the methods and systems; all such additional equipment to be subject to the terms of this contract (pp. 4 and 5).

Section 4. In addition to the portion of this section quoted in full above, certain relief is granted lessee in case the use of the systems or apparatus be prevented by injunction. It is specifically provided that this section shall not apply to infringements or claims of infringement relating to phonograph records themselves, except in so far as Western's methods or systems are involved therein (pp. 5-10).

[fol. 5521] Section 5. The obligations of International do not relate to any methods, processes, apparatus or material for the manufacture of commercial records from master records, but only to those methods, systems and apparatus employed for receiving, transmitting and recording sound upon master records from which commercial records may be manufactured (p. 10).

Section 6. Rights granted to lessee are non-exclusive and do not include the use of any apparatus or equipment in connection with motion pictures, but are limited to the production and sale of phonograph records for the same general purposes as the commercial records heretofore produced by lessee. International shall not, during the term of the contract, grant to others in the territory described, rights similar to those granted lessee, but International reserves the right to sell for other purposes the equipment or

apparatus involved in the use of Western's methods or systems for the electrical recording of sound. Lessee agrees to promote sales in the territory licensed (p. 11).

Section 7 provides for the marking of records and that the license granted is for the exclusive use of lessee and its associated and subsidiary companies (pp. 11-13). Section 8. After the provisions of this section quoted in full above, there follows agreement of lessee to furnish statements disclosing the amount of royalties payable and Western is granted the right to audit lessee's books relating to such sales (pp. 15-16).

Section 9 quoted in full above. Section 10 requires records to bear notices as directed by International and grants lessee the right to use name of International on the labels (pp. 17-18).

[fol. 5522] Section 11. Termination of the agreement shall not relieve lessee of its obligation to pay royalties on sales of records already manufactured under the terms of the contract (pp. 18 and 19). Section 12. Title to all apparatus remains in International, but lessee shall keep it in good condition and insure it. Lessee indemnifies International for use or misuse of such apparatus (p. 19). Section 13. All apparatus to be returned to International on expiration of contract (pp. 19 and 20). Section 14 limits liability in case of loss caused by strikes, etc. (pp. 20 and 21). Section 15 gives addresses for notices. Section 16 provides that contract shall be construed according to the laws of New York. Section 17 provides for arbitration. Section 18 provides that agreement, unless otherwise terminated, shall continue in force to June 30, 1925 and thereafter until terminated by six months' written notice from either party. Section 19. Rights granted from Empire of Japan shall not become effective unless and until International shall secure the consent of its allied company operating in said empire. Section 20. There shall be no duplication of royalties. Schedule A, Part 1, is a general description of the territory, which includes all lands and islands between West Longitude 30 and West Longitude 170, including the Americas, except the Continent of the United States, Alaska and Hawaii (p. 25). Schedule B is a list of apparatus comprising the complete electrical sound recording equipment referred to in the contract (p. 26).

[fol. 5523] EXHIBIT X-388

Memorandum of Agreement Between Victor Phonograph Company and Electrical Research Products, Inc.

1. Products grants to Victor a non-exclusive, non-assignable license to record and to make, use, sell and lease disc records for use in the commercial field, including cued records, specially arranged records and synchronized records for use in motion picture theatres equipped with apparatus supplied by Products.

2. Products undertakes to actively distribute its apparatus in theatres and to the extent that it may legally do so, will restrict the use of records with such apparatus to the reproduction of records made and supplied for the purpose by its licensees.

3. Products will extend to Victor to the extent it may be able all rights and licenses it holds from music publishers or composers upon the same terms and conditions as they may be extended to its other producing licensees and Victor agrees to avail itself of such present rights and licenses upon those terms and of such future rights as may be obtained with Victor's consent.

4. Products will purchase from Victor and Victor will supply to Products upon fair and reasonable terms such portions of the apparatus to be supplied to theatres as they may mutually agree upon from time to time, it being the intent that Products shall obtain from Victor those parts that Victor may be in position to manufacture to better advantage than Products and its associated companies.

5. Victor agrees within a reasonable time, as the business develops, to put itself in a position to supply to theatres equipped with apparatus supplied by Products records for use on such apparatus including cued records, especially arranged records and synchronized records, and Victor shall confine the distribution of such records, when for use in theatres or places where motion pictures are regularly shown, to exhibitors licensed by Products.

6. Products agrees to lease to Victor on fair and reasonable terms such electrical recording apparatus as Victor may require for recording of sound under this agreement.

7. Products agrees to supply to Victor services of engineers and technical advice and assistance upon the same conditions and terms as set forth in agreement of Mar. 18, 1925.

[fol. 5524] 8. In fields of commercial entertainment outside of the theatrical field Products will in good faith endeavor to bring about such modifications in its existing contracts and those of its associated companies so that it may extend to Victor licenses under its patents to make, use, sell or lease apparatus for the electric reproduction of sound by means of self-contained instruments designed to distribute sound in the immediate vicinity of the instrument, reserving, however, all rights in respect to apparatus designed to distribute sounds from points distinctly separated from the turntable and connected thereto by systems involving the use of what is known as wire telephony. This reservation shall not be construed to apply unreasonably to apparatus of the same general character as the present auditorium model, distributed by the Victor Company, where because of the size of the sound radiator or because, for architectural reasons or convenience in installation or operation, it is desired to make a special installation of the sound radiator or multiple sound radiators in different public rooms, it may not be practicable to include it in the cabinet with the turntable, amplifier and pick-up apparatus.

9. Products grants to Victor, without consideration other than this agreement, non-exclusive, non-assignable licenses under its patents and agrees to supply upon the same conditions and terms as set forth in the agreement of March 18, 1925 such technical information and assistance as it may be able to supply for use by Victor in the manufacture of records and in the design and manufacture of apparatus for the reproduction of sound, except as otherwise limited herein. No rights, however, are granted with respect to electric phonographs for use in the home for entertainment or educational purposes.

10. Products agrees to assist Victor in the establishment of research and experimental facilities and will to that end give such technical advice and will supply on fair and reasonable terms such apparatus as it may be in a position to supply from time to time to Victor. Apparatus so sup-

plied to Victor shall be for the sole use of Victor and its associated and subsidiary companies.

11. Victor will disclose to Products freely any information and methods or apparatus arising out of the arrangement set forth in the preceding paragraphs; and Victor grants to Products without other consideration than this agreement licenses under any patents or rights derived from such activities. Licenses so granted shall be for use by Products without restriction as to field and shall include non-exclusive rights to sub-license others except other companies competitive with Victor in the home phonograph field.

[fol. 5525] 12. Victor now holds contracts with artists and performers of national and international repute by which it may legally restrict such artists from engaging in recording for others. In consideration of this agreement Victor agrees to execute waivers of the restrictive clauses with respect to artists in favor of Products and its licensees, except that such artists shall not be made available for the production of commercial phonograph records.

13. Products agrees that in its present contracts and in future contracts made by it or its duly accredited licensees with similar performers or artists, it and they will waive/omit the restrictive clause in favor of or as they may apply to Victor. Should any licensee refuse to waive for Victor's purposes, Victor to have privilege of refusing to waive for such licensee.

14. The parties agree that either may enter into contracts with artists by which the artists may legally be restricted from engaging in similar work for others except and other than the parties hereto, their licensees or companies owned or controlled by them.

15. The license granted for synchronized records shall be without restriction as to producers where the records so made are distributed by Victor or its agents and not by the producer making the motion picture. No rights, however, are granted to Victor for making synchronized records for motion picture producers when the sale or lease of the records to exhibitors is to be done by the Producer and the proceeds thereof retained for the producer's benefit unless such producer shall hold a license from Products.

16. Victor shall, in order to obtain the greatest revenue from the sale or lease of records, adopt such practices with regard to methods of distribution and fix such charges for such records as may be designed to produce the greatest gross revenue and as may be consistent with competitive conditions which obtain from time to time.

17. Victor shall pay to Products, as royalty, 8% of the gross revenues derived from the following:

a. Synchronized records,
b. Specially cued records,
c. Records supplied to theatres for general music purposes,

provided that in the case of synchronized records Victor shall adopt such distribution policies that Products shall receive 8% of the amount paid by exhibitors for such rec-
[fol. 5520] ords whether directly distributed by Victor or otherwise. In case such records are distributed by the producer of the motion picture the 8% of the revenue derived from exhibitors to be paid to Products shall be in addition to the 8% paid by Victor on its direct revenues. It is understood that it is the intention of Victor to so arrange its distribution of records for general theatre use that it can determine the amount of revenue derived therefrom.

Ordinary commercial records sold for commercial entertainment purposes shall for royalty purposes only be considered as being recorded under the agreement of March 18, 1925.

Royalty payable for rights and licenses for the manufacture, use, sale or lease of electrical reproducing apparatus for use in the commercial entertainment field shall be 8% of Victor's gross revenue derived therefrom when such apparatus is sold through the usual distribution channels, and shall be 8% of 60% of the selling price when sold direct by Victor to the customer.

18. The minimum royalty shall be $100,000 per year.

19. If licenses of substantially the same character as those granted by this agreement shall be granted to others upon lower rates of royalty or lower minimum royalty, such lower rates shall be extended to Victor.

20. Victor expressly states that it is its intention to actively exploit to the fullest degree commercially feasible the rights and licenses granted by this agreement subject to Victor's existing obligations to the R. C. A.

21. The licenses granted shall be for the United States and its territories and possessions including Alaska, Hawaii, Philippine Islands, Virgin Islands, Porto Rico, Guam, American Samoa and Panama Canal Zone.

22. This agreement shall become effective as of the date hereof and shall continue in force until the 10th day of January, 1938, and thereafter until terminated by either party by giving to the other two years' written notice thereof (expiring on the last day of a calendar year) of intention to terminate the same, and upon expiration of the time limited by such notice this agreement shall terminate.

January 11, 1928.

(O. K., with definition contained in your letter Jan. 11, 1928, Victor letter dated Jan. 11, 1928. (Sd.) E. E. S. J. E. O.)

[fol. 5527] EXTRACTS FROM EXHIBIT X-390

Agreement made this 22nd day of April, 1925, between International Western Electric Company, Incorporated, a Delaware corporation, hereinafter called the International Company, and Columbia Graphophone Company, Limited, a British Corporation, hereinafter called the Lessee:

* * * * * * * * *

1. The International Company agrees promptly to furnish to the Lessee, F. O. B. London, England, one complete electrical sound recording equipment, comprising the apparatus set forth in the schedule attached hereto and marked Schedule "B" of the Western Company's latest standard type, embodying such inventions and improvements of the Western Company as, in the judgment of the International Company's engineers are most practicable and necessary for use in recording sound upon master records to be used in the manufacture of commercial phono-

graph records. The said sound recording equipment is to remain the property of the International Company, and the Lessee is hereby given the right, subject to the conditions and agreements herein contained, to use the same during the term hereof, and to permit its associated and subsidiary companies within said territory to use the same during the term hereof, for the purpose of sound recording in the production of master phonograph records and for no other use or purpose. The term "associated and subsidiary companies" as used in this section, and elsewhere throughout this agreement as applying to associated and subsidiary companies of the Lessee, shall be deemed to mean any company or companies, partnerships or firms engaged in the production and/or sale of phonograph records in said territory, which are owned or controlled by the Lessee either by way of stock ownership, or otherwise.

* * * * * * *

8. The Lessee agrees to pay to the International Company a minimum royalty of twenty-five thousand ($25,000) dollars for the first fifteen (15) months of the term hereof, and a minimum royalty of twenty-five thousand ($25,000) dollars for each twelve months thereafter during the term of this agreement, which shall be paid by the Lessee in quarter-annual installments of six thousand two hundred and fifty dollars ($6,250) each; the initial payment of twenty-five thousand dollars ($25,000) hereinabove provided to be made by the Lessee to the International Company, to be applied by the International Company in satisfaction of the minimum royalties for the first fifteen months of the term hereof. The minimum royalties above [fol. 5528] provided shall not be diminished during the term of this agreement and shall be applied by the International Company on account of royalties actually due from the Lessee to the International Company in accordance with the provisions of this Section. The Lessee shall pay to the International Company a royalty based upon its annual sales of commercial records produced in accordance with the Western Company's methods or systems and/or with the Western Company's apparatus or equipment in accordance with the following schedule:

1. On each of the first five million records sold in any twelve months' period of the term of this contract, one (1¢) cent per record;

2. On each of the next five million records sold in any twelve months' period, three quarters (¾¢) of one cent per record;

3. On each of the next ten million records sold in any such twelve months' period, one-half (½¢) of one cent per record;

4. On records sold in excess of twenty million in any such twelve months' period, one-quarter (¼¢) of one cent per record.

The term "record" as used in the royalty schedule just preceding shall be read as "commercial record", whether said record embodies one or more recorded surfaces, and the term "twelve months' period" shall be interpreted to mean the first fifteen calendar months of the term hereof and each twelve calendar months thereafter. Royalties shall be computed on the basis of the sales of each twelve months' period separately and not on the basis of cumulative sales from year to year. The Lessee shall, however, have the right to deduct and to receive credit for at the average rate of royalty ascertained by application of the above schedule of rates to the total sales for the twelve months' period in which the records are returned in making its statements of royalties to the International Company; all records which are returned in exchange or because of being damaged, broken or otherwise rendered unsalable, or for any other reasons which are in accordance with the Lessee's usual trade practices.

[fol. 5529] The Lessee agrees to furnish to the International Company full and accurate annual statements within ninety (90) days after the end of each twelve months' period of the term hereof showing the total number of commercial phonograph records as distinguished from master records (and the term "master records" wherever used in this agreement shall be interpreted to mean any records used or employed in any manner in, or in connection with, the manufacture of commercial records) sold by the Lessee, its associated and subsidiary and/or allied companies in or for shipment to said territory, which shall

have been manufactured from or in accordance with any master records produced directly or indirectly by the use of the Western Company's apparatus, equipment, methods or improvements, and the royalty hereinabove provided to be paid by the Lessee to the International Company shall be based upon such annual statements and upon the rendition thereof, should the same indicate that royalties in excess of the minimum royalties are due from the Lessee to the International Company, the Lessee shall, at the time of submitting such statements to the International Company, make payment of any additional royalties shown to be due thereby. The Lessee assumes full responsibility for and agrees to make payment of royalties on account of sales of said commercial records made in said territory, or for shipment to said territory, by its associated and subsidiary companies as above defined, and agrees that its annual statements furnished to the International Company shall be certified to by the certified public accountants who regularly audit the books of the Lessee, and to permit the International Company, at its option and at its own expense, to verify said statements by having an independent examination made by the Lessee's books by a certified public accountant or accountants of the International Company's selection. The annual statements to be furnished by the Lessee to the International Company shall report sales of said commercial records by countries or in such other manner as the International Company may hereafter specify by written notice to the Lessee, and the Lessee agrees upon request of the International Company, to permit, and obtain any other necessary permission to enable the International Company, through its duly accredited representatives, to examine the books and records of the Lessee's associated and subsidiary companies in so far as such examination may be necessary to determine the accuracy of the statements of sales of said records made by such associated and subsidiary companies to the Lessee, whereon the Lessee's annual statement to the International Company shall be based.

9. The International Company may, within ninety (90) [fol. 5530] days after the end of the second, or any subsequent twelve months' period of this agreement, terminate the same if it so elects, by giving written notice to the Lessee

to that effect, unless the royalty paid by the Lessee to the International Company upon sales of commercial records for such twelve months' period then ended equals or exceeds the sum of Twenty-five thousand ($25,000) Dollars. The exercise by the International Company of its election to so terminate this agreement in such event shall be in lieu of any other remedies given by law for failure to pay the minimum royalty above provided, which remedies the International Company retains, however, in the event that it does not exercise such option to terminate.

Such termination shall take place ninety (90) days after the date of such notice from the International Company to the Lessee, provided, however, that the Lessee may at any time within said period of ninety days, avoid such termination on that account by paying to the International Company the amount necessary, in addition to any royalties theretofore paid in respect of such twelve months' period, to make up the minimum total amount required for the twelve months' period then ended, as above stated.

If, at any time, the Lessee shall be in default in the performance of any of its obligations hereunder, the International Company may, at its option, terminate this agreement by ninety (90) days written notice to the Lessee to that effect, unless such default shall have been removed and all sums due hereunder to the International Company at the date of such notice shall have been paid with interest at the rate of six (6%) per cent per annum within said period of ninety days. If the Lessee shall at any time become bankrupt or insolvent, the International Company may, by written notice to the Lessee, terminate this agreement forthwith.

* * * * * * *

18. This agreement, unless otherwise terminated, shall continue in force for a period of ten years and six months from the date hereof, and thereafter until terminated by either party on six months' written notice to the other of intention to terminate the same, and upon the expiration of said period of six months from such notice this agreement shall terminate; provided, however, that no such termination shall relieve the Lessee from its obligations under Sections Seven, Eight, Eleven and Twelve hereof and all [fol. 5531] provisions of this agreement in respect of the

apparatus and equipment furnished by the International Company to the Lessee shall be and remain binding upon the Lessee at all times.

* * * * * * *

SCHEDULE "A"

Territories Covered

Great Britain and Ireland.
Continental Europe.
Africa.
Australia.
Tasmania.
New Zealand.
South Sea Islands.
India.
Burma.
Ceylon.
Malay Peninsula.
British Borneo.
New Guinea.
Dutch East Indies.

* * * * * * *

[fol. 5532] This was a contract between the International Western Electric Company and the Columbia Graphophone Company, Ltd., dated April 22, 1925.

In addition to the portions of the contract printed in full above the contract contains, in substance, the following provisions:

Sect. I. Printed above in full.

Sect. II. International should give Graphophone full instructions regarding operation of equipment to be furnished and advise it concerning all improvements which Western may make relating to methods, systems, and apparatus with the electrical recording sound. International also furnished at expense of the Grapho-one competent engineers to advise Graphophone as to methods and apparatus (pp. 8–10).

Sect. III. International agrees upon request to furnish additional apparatus, equipment, or material consisting of

additional complete equipment as described in Schedule 3R, supplementary or replacing equipment, and equipment necessary to make available improvements or additions to methods, systems, and apparatus. All additional apparatus subject to permits of the contract and furnished at the expense of International shall not involve duplication of royalties (p. 10).

Sect. IV. International agrees to protect Graphophone in patent infringement suits and pay any damages resulting from such suits but not exceeding the amounts received as royalties plus 50%. Graphophone is given certain relief in case its use of the improvements and patents be interrupted by the injunction (pp. 11–12).

Sect. V. The obligation to the International does not relate to methods, processes, apparatus, or materials as many of Commercial records from master records but only receiving, transmitting, and recording sounds upon master records (p. 13).

Section VI. Rights granted are not exclusive and do not include talking motion pictures but are limited to the sale of phonograph records for the same general purposes as the Commercial records that they produce by graphophone. International should not grant others similar rights except to Graphophone Company and the Victor Talking Machine Company. If either of the latter were terminated, International may grant similar license to not exceeding one other party. International reserves the right to sell for other purposes equipment or apparatus which, or parts of which, are involved in the use of the Western Electric's methods or systems for electrical recording of sound (p. 13).

[fol. 5533] Sect. VII. Graphophone is to promote sales and agrees that master records recorded by use of the methods, apparatus, or equipment of Western or for its own use agrees not to permit such records to be shipped outside the territory except to itself or to others for manufacture of Commercial records (pp. 13-14).

Sect. VIII & IX. Printed in full above.

Sect. X. Provides for the replacing of records produced under the license (pp. 18-19).

Sect. XI. Provides that the obligation to pay royalties upon sales of Commercial records which shall have been made prior to the termination of contract shall not be affected by such termination (p. 19).

Sect. XII. Provides all apparatus furnished by International under the contract shall remain in International. The lessee agrees to keep it is good condition.

Sect. XIII. Provides for return of equipment on termination of the agreement.

Sect. XIV. Limits liabilities for non-performance caused by strikes, etc.

Sect. XV. Gives the addresses for notices.

Sect. XVI. Provides that the contracts shall be considered according to the law of New York.

Sect. XVII. Provides for arbitration (pp. 20-23).

Sect. XIX. Provides that Hungary, Roumania, and Bulgaria and that part of Jugoslavia which is contained in Hungary and Austria in 1914 shall not be effective until certain consents are obtained. Note to Schedule "A" limits provisions of Section 4 to the following portions of the territory only: Great Britain and eastern continent of Europe, except Russia, Union of South Africa, Australia, Tasmania, and New Zealand. (p. 25) Schedule "B" contains a list of apparatus comprising the complete electrical sound recording equipment referred to in the contract (p. 26).

27 and 28 constitute an assignment of this contract from International Western Electric Company to the Western Electric Company dated September 30, 1925, and the consent to such assignment by Columbia Corporation Company dated October 27, 1925.

[fol. 5534] EXTRACTS FROM EXHIBIT X-391

Agreement, made as of the first day of May, 1925, between International Western Electric Company, Incorporated, a Delaware corporation, hereinafter called the International Company, and The Gramophone Company, Limited, of Hayes, Middlesex, England, a British corporation, hereinafter called the Lessee:

* * * * * * *

1. The International Company agrees promptly to furnish to the Lessee, f. o. b. London, England, two complete

electrical sound recording equipments, each comprising the apparatus set forth in the schedule attached hereto and marked Schedule "B" of the Western Company's latest standard type, embodying such inventions and improvements of the Western Company as, in the judgment of the International Company's engineers are most practicable and necessary for use in recording sounds upon master records to be used in the manufacture of commercial phonograph records. The said sound recording equipments are to remain the property of the International Company, and the Lessee is hereby given the right subject to the conditions and agreements herein contained, to use the same during the term hereof for the purpose associated and subsidiary companies within said territory to use the same during the term hereof for the purpose of sound recording in the production of master phonograph records and for no other use or purpose.

* * * * * * *

4. The International Company agrees without limitation to the term of this agreement, that it will in those portions of said territory particularly specified in Part 2 of Schedule "A" at its own expense, defend any and all actions and suits that may at any time be brought against the Lessee or any of its associated or subsidiary companies or any of its or their customers for infringement of patents by reason of the employment by the Lessee or any of its associated or subsidiary companies, of the methods, systems and/or equipment covered hereby for the purpose and in the manner contemplated by this agreement and will pay and satisfy all judgments and decrees for profits, damages and/or costs which may be finally awarded against the Lessee and/or any of its associated or subsidiary companies, or any of its or their customers by the court of last resort in any such action or suit in those portions of said territory so particularly specified in Part 2 of Schedule "A" on account of any such infringement, provided, however, that the International Company's liability hereunder shall be limited to the amount of royalty actually received [fol. 5535] by it in respect of sales made by the Lessee and/or its associated or subsidiary companies in the particular country in which such judgment or decree is rend-

ered, plus fifty (50%) per cent. of the excess of any such judgment or decree over said amount, the Lessee indemnifying and saving harmless the International Company from the remainder of any such judgment, and provided further, that the International Company shall have been given prompt notice of any such actions, suits and claims of infringement and full opportunity to defend the same, and provided, further, that the International Company assumes no liability hereunder in respect of any such actions, suits or claims of infringement in any portion of said territory not particularly specified in Part 2 of Schedule "A".

* * * * * * *

8. The Lessee agrees to pay to the International Company a minimum royalty of thirty-five thousand ($35,000) dollars for the first twenty months of the term hereof ending January 1st, 1927, and a minimum royalty of twenty-five thousand ($25,000) dollars for each twelve months thereafter during the term of this agreement. Said minimum royalties for each twelve months' period subsequent to January 1st, 1927, shall be paid by the Lessee in quarter-annual installments of six thousand two hundred and fifty ($6,250.00) dollars each, and the initial payment of thirty-five thousand ($35,000.00) dollars, hereinabove provided to be made by the Lessee to the International Company shall be applied by the International Company in satisfaction of the minimum royalties for said first twenty months of the term hereof ending on January 1, 1927. Each of the minimum royalties above provided for shall be paid to and applied by the International Company in satisfaction pro tanto of royalties payable by the Lessee to the International Company in accordance with the provisions of this section, for the period in respect of which such minimum royalties shall be payable.

The Lessee shall pay to the International Company a royalty based upon its annual sales, and those of its associated and subsidiary companies in said territory (exclusive of sales to the Lessee or any of its associated and subsidiary companies), of commercial records produced in accordance with the Western Company's methods or systems and/or with the Western Company's apparatus or equipment in accordance with the following schedule:

[fol. 5536] 1. On each of the first two and one-half million records sold in any twelve months' period of the term of this contract, one cent (1¢) per record;

2. On each of the next two and one-half million records sold in any twelve months' period, three-quarters (¾¢) of one cent per record;

3. On each of the next five million records sold in any such twelve months' period, one-half (½¢) of one cent per record;

4. On records sold in excess of ten million in any such twelve months' period, one-quarter (¼¢) of one cent per record.

* * * * * * *

SCHEDULE "A"

Territories Covered

Part I. General description of territory:

The territory covered by this agreement includes all lands and islands in that portion of the globe lying eastward from 50° West longitude to 170° West longitude, including, as it does, all the countries of Europe and the island adjacent thereto, including England, Ireland, Scotland, Wales and Iceland, all the countries of Africa, and the islands adjacent thereto, all the countries and islands of Australasia, including the Australian archipelago and the islands of the South Sea, and shall include all the countries of Asia except the Chinese Empire, the Japanese Empire, Manchuria, Annam, Cochin China, Tonking, Cambodia and Corea; it shall include also all the islands adjacent to Asia except the Philippine Islands, Formosa, and those islands whether in Chinese or foreign possession lying in such relation to the coast of China as to be geographically or commercially a part of the Chinese Empire and excepting also all islands whether in Japanese or foreign possession lying in such relation to the Japanese Empire as to be geographically or commercially a part of the Japanese Empire.

Part 2. Particular Specification of countries covered by provisions of Section 4 relating to patent infringement actions:

Great Britain and Ireland.	Greece.
France.	Italy.
[fol. 5537] Belgium.	Switzerland.
Netherlands.	Spain.
Norway.	Portugal.
Sweden.	Denmark.
Austria.	Germany.
Hungary.	Australia.
Jugo-Slavia.	New Zealand.
Czecho-Slovakia.	Union of South Africa.
Turkey.	

[fol. 5538] This exhibit is a copy of contract between International Western Electric Company, Inc., and The Gramophone Company, Ltd., of Hayes, Middlesex, England, dated May 1, 1925. In addition to the portions printed in full above, it contains provisions in substance as follows:

A recital that International is empowered to grant licenses to use methods, systems and apparatus of Western Electric Company concerning the electrical recording of sound in the territory specified in Schedule A.

Section 1 set forth in full (p. 7).

In section 2 the International agrees to give to Gramophone full instructions concerning the apparatus furnished, to advise it from time to time concerning improvements in the apparatus to furnish the services of competent engineers to give technical information, advice and assistance; and, in general, to see that Gramophone has the benefit, for itself and subsidiary corporations only, of the engineering assistance and advice of laboratory research and development work in making phonograph records and also the right to use additional apparatus or improvements produced or acquired by Western. Gramophone is to reimburse International for the expense of engineers and employees whose services are furnished lessee (pp. 8-9).

In section 3 International agrees, upon the request of Gramophone, to furnish to it such additional apparatus as International may be in a position to supply, consisting of additional equipments described in Schedule B or equipment required to supplement or replace the first or com-
[fol. 5539] plete equipments which International is to furnish, and equipment necessary to make available improvements or additions to the methods or systems for the elec-

trical recording of sound. Additional or supplement equipment is to be subject to the same terms as original equipment (p. 9-10).

The first paragraph of section 4 is printed in full above. It then provides for certain relief to Gramophone in case the use of the equipment is prevented by injunction (p. 10-15).

Section 5 provides that the obligation of International does not relate to any methods, processes, apparatus or materials for the manufacture of commercial records from master records, but only to the methods, system and apparatus employed for the receiving, transmitting and recording of sound upon master records from which commercial records may be manufactured (p. 15).

Section 6 provides that the rights granted are not exclusive and that they do not include the right to use apparatus in the production of phonograph records in synchronism or timed relation with motion pictures, but are limited to the production and sale of phonograph records for the same general purposes as the commercial records. International agrees not to grant same rights to others in the territory except to the Columbia Graphophone Company, or in the event that International shall terminate rights granted to the Columbia Company it shall have the right to make similar grants to not exceeding one other company, and International reserves the right to sell for other purposes equipment or apparatus involved in the use of Western's methods or systems for the electrical recording of sound. Gramophone agrees to promote the sale of the [fol. 5540] records produced under Western's methods and systems, but not to promote exclusively the sale of such records (pp. 15-17).

In section 7 Gramophone agrees that all master records produced by it under the licenses shall be for the exclusive use of Gramophone and its subsidiary companies in the manufacture of commercial records by or for it and its associated companies, except that it may make contracts for interexchange of master records with other companies without the territory, but it cannot authorize such other companies to record such master records out of the territory nor will it pass on any information or experience to such other companies (pp. 17-18).

After the portion of section 8 quoted above in full, the section then provides that "record" shall be read as "commercial record", whether the records embody one or more recorded surfaces, and defines certain other terms used in the section. It then provides that if the International grants a more favorable license in the territory involved, the terms of this contract shall be modified accordingly. There is also provided a method for the keeping of records by Gramophone and the auditing thereof by Western (p. 19-22).

Section 9 provides that International may cancel contract if the minimum royalties are not paid, but that such termination shall be in lieu of all other remedies. It also provides for termination in case of default in any of the terms of the contract by Gramophone (pp. 22-23).

Section 10 provides for the placing of notices on the records and the use on the records of the name of the International (p. 23-24).

[fol. 5541] Section 11 provides that the obligation to pay royalties on records shall survive the termination of the contract (p. 24).

Section 12 provides that title to all apparatus shall remain in the International and shall be insured by Gramophone and Gramophone shall be responsible for said apparatus (p. 25).

Section 13 provides that upon termination of the contract all apparatus shall be returned to International.

Section 14 limits liability for damages resulting from strikes, etc. (pp. 25, 26, 27).

Section 15 provides for the addressing of notices.

Section 16 provides that the construction of the contract shall be under the laws of the State of New York.

Section 17 provides for arbitration (pp. 27-28).

Section 18 provides that unless otherwise terminated the contract shall continue in force until January 1, 1936 and thereafter until terminated by either party on six months' written notice to the other of intention to terminate the same, and upon the expiration of said period of six months from such notice the contract shall terminate; provided, that no such notice shall be given by International prior to January 1, 1940 (pp. 28-29).

Section 19 excepts from the territory assigned the territory of Hungary, Roumania and Bulgaria and part of Jugo-Slavia the consent and approval of allied companies of International to be obtained (p. 29).

Section 20 provides that nothing contained in the contract shall provide for duplication of royalties.

[fol. 5542] Schedule A attached is printed above in full and Schedule B lists the apparatus comprising the complete electrical sound recording equipment referred to in the contract.

[fol. 5543] EXTRACTS FROM EXHIBIT X-392

Agreement made this 19th day of January, 1926, between Western Electric Company, Incorporated, a New York corporation, hereinafter called the Western Company, and The Gramophone Company Limited, an English joint stock company of Hayes, Middlesex, hereinafter called the Gramophone Company:

* * * * * * * * *

1. The Western Company agrees that it will at its own cost and expense promptly after the execution of this Agreement furnish to the Gramophone Company:

(a) Drawings, specifications, full data and information concerning the mechanical talking machines and parts therefor heretofore developed by the Western Company, and

(b) One complete sample of each mechanical talking machine part (or one complete talking machine embodying the same) of each of the Western Company's present preferred types of such talking machine or parts, in each size which the Gramophone Company may reasonably require.

* * * * * * * * *

5. If any suit, action or proceeding based upon the claim that the manufacture, use and/or sale of the inventions or improvements in the said acoustic apparatus mentioned in Section 1 of Article II hereof as embodied in the samples

or models furnished or to be furnished from time to time by the Western Company under the preceding provisions of Article I hereof or as embodied in any sample or model made by the Gramophone Company and on submission to the Western Company claimed or acknowledged by the Western Company to embody any invention or improvements within the scope of the license granted and agreed to be granted by the Western Company as in Article II hereof is mentioned constitutes an infringement of any letters patent or like privileges for the time being subsisting in any part of the territory where such manufacture, use and/or sale shall or may have taken place, should be brought against the Gramophone Company or any of its subsidiary [fol. 5544] or associated Companies and/or any of the purchasers of its goods, the Western Company will at the request of the Gramophone Company but at the expense of the Western Company furnish the services of a practical engineer or expert to assist in the defense of said suit, action or proceeding; and the Western Company will also furnish the Gramophone Company at the Western Company's own cost and expense all information in its possession, custody or control which may be useful in the defense of said suit, action or proceeding.

Article II

Licenses to the Gramophone Company

1. The licenses herein granted and agreed to be granted by the Western Company are under all patents or like privileges in any part of said territory and applications for patents or like privileges in any part of said territory for inventions or improvements (whether machines, processes or compositions of matter) relating or applicable to mechanical talking machines or parts thereof which are now or which may during the continuance of this agreement [fol. 5545] be owned or controlled by the Western Company or in respect of which it now has or during the continuance of this agreement may acquire the right to grant such licenses, specifically including all of the patents and applications specified or referred to in the first part of the schedule hereto. Patents, applications for patents and like privileges in said territory for inventions relating or appli-

cable to machines, processes or compositions of matter adapted and intended to be used for the manufacture of mechanical talking machines (as distinguished from those relating to the talking machines themselves) are also included in said licenses so far as the Western Company has acquired the same subsequent to October 1, 1925 or shall hereafter acquire the same, and only for use in such manufacture of mechanical talking machines and not generally. If any patents or patent applications, for any inventions which are not applicable to mechanical talking machines shall have been included in said schedule, it shall be deemed an inadvertence and shall not enlarge the rights of the Gramophone Company hereunder; nor shall the omission from said schedule of any of the patents, applications for patents or like privileges, referred to in the first paragraph of this section, affect the rights of the Gramophone Company thereunder.

* * * * * * *

Article IV.

Royalties to be Paid by the Gramophone Company and/or Its Subsidiary and Associated Companies

1. The Gramophone Company agrees for itself and its subsidiary or associated Companies, subject to the provisions hereof, to pay or cause to be paid to the Western Company as compensation for the licenses herein granted and agreed to be granted and for the obligations it has herein undertaken including the technical information and assistance to be rendered by the Western Company hereunder, a royalty upon all talking machines and parts thereof embodying any of the inventions or improvements herein licensed or agreed to be licensed to the Gramophone Company which have been or which shall hereafter be sold, leased or put into commercial use by the Gramophone Company and/or its subsidiary or associated companies, and/or by its sub-licensees, where such talking machines and/or parts at the time and place of either the manufacture, use or sale thereof are covered by any patent or similar protection then in force, or any application for patent or simi-

lar protection then pending under which the Western Com-
[fol. 5546] pany herein licenses or agrees to license the Gramophone Company. Talking machines and/or parts manufactured under said licenses in any country where the same are covered by any of said patents or applications then in force shall be subject to royalty even though not protected in the country of sale or use, and similarly talking machines and/or parts sold or put into commercial use in a country where the same are covered by any of said patents or applications shall be subject to royalty even though manufactured in a country where such protection does not exist; the intent of this agreement being that royalty shall be paid in all cases where any of the license rights of manufacture, use or sale herein granted and agreed to be granted to the Gramophone Company are or were exercised by it or by its subsidiary or associated Companies or its sub-licensees, such royalty to be based upon the sales price (as hereinafter defined), or other compensation received by the Gramophone Company or its subsidiary or associated Companies or its sub-licensees for the apparatus covered by such license rights. Said royalty shall (except as hereinafter expressly provided) be based upon the aggregated total sales of such talking machines and/or parts thereof, as above mentioned, during each "royalty period" during the continuance hereof (the first royalty period being from the date of the first sales thereof by them to and including December 31, 1926, and each succeeding twelve months' period of the continuance of this agreement being a royalty period), the rates of royalty payable upon such sales during each royalty period being as follows:

Upon the first $300,000 of such sales in each royalty period	5%
Upon the second $300,000 of such sales	4%
Upon the third $300,000 of such sales	3%
Upon the fourth $300,000 of such sales	2%
Upon all such sales above $1,200,000	1%

* * * * * * *

2. The Western Company agrees to credit the said initial payment of Forty-two Thousand Dollars ($42,000) made by the Gramophone Company to the Western Company upon

the execution of this agreement against royalties accruing hereunder on account of said apparatus so sold, leased or put into commercial use hereunder during the first royalty period as above defined.

* * * * * * *

[fol. 5547] 8. The Gramophone Company agrees for itself and its subsidiary and associated Companies, subject to the provisions hereof (including the provisions of Article VI hereof), to pay to the Western Company as royalty for the first royalty period aforesaid a minimum of Forty-two thousand dollars ($42,000), against which the Western Company shall credit as before stated the said initial payment of Forty-two thousand dollars ($42,000) made by the Gramophone Company upon the execution of this agreement and recited as part of the consideration hereof; and the Gramophone Company further agrees for itself and its subsidiary and associated Companies, subject to the provisions hereof, to pay or cause to be paid to the Western Company as royalty for each succeeding twelve months' royalty period (after the said first royalty period) during the further continuance of this agreement a minimum of Forty-two thousand dollars ($42,000). The amount (if any) necessary in addition to the royalty accruing at the regular rates for each twelve months' period in order to make up said minimum of Forty-two thousand dollars ($42,000) for that period shall be payable at the time the last quarterly statement covering such period is due. Royalties paid by the Gramophone Company and/or its subsidiary and associated companies in excess of Forty-two Thousand Dollars ($42,000) for any such royalty period shall not be credited against the minimum required for any other period. The said minimum sums shall be paid free from any deduction, including income tax, other than American income tax, if any, but any excess of the royalties in any royalty period over Forty-two Thousand Dollars ($42,000) shall be subject to deduction of British income tax on such excess.

* * * * * * *

2. The Western Company warrants that it now owns or controls and will during and throughout the continuance

of this agreement regularly receive from the American Telephone and Telegraph Company, a New York corporation, and Bell Telephone Laboratories Incorporated, a New York corporation (both of which are associated companies of the Western Company), all rights for the territory covered by this agreement which are or may hereafter be owned, acquired or controlled by said associated companies, or either of them, relating or applicable to mechanical talking machines and that the Gramophone Company will by virtue of this agreement be entitled to and will receive licenses of the character and scope herein provided under all patents, applications for patents and similar applications in the territory which are now owned and controlled [fol. 5548] or which may hereafter during the term of this agreement be owned or controlled by the Western Company or by its said associated companies, or either of them, as if the same were expressly referred to and included in Section 1 of Article II hereof, all of which are to be deemed as comprised in any expression in this agreement or license contained referring to the patents of the Western Company or the Western Company's improvements by those or any similar or analogous descriptions.

* * * * * * *

Article XII

Duration and Termination of Agreement, Its Construction and Assignability

1. This agreement, unless otherwise terminated as herein provided, shall continue in force until January 1st, 1936, and thereafter until terminated by either party on six months' written notice to the other of intention to terminate the same, and upon the expiration of said period of six months from such notice this agreement shall terminate, provided that no such notice shall be given by the Western Company prior to January 1st, 1941, and upon the expiration of said period of six months from such notice this agreement and all licenses herein granted and agreed to be granted and all obligations of the respective parties hereunder shall terminate, except as herein otherwise specifically provided.

* * * * * * *

The Territorial Limits within which the Rights hereinbefore granted and agreed to be granted are to be operative, subject to the provisions of this agreement and subject in particular to Section 3 of Article II.

The territory covered by this agreement includes all lands and islands in that portion of the globe lying eastward from 30 degree West longitude to 170 degree West longitude, including, as it does, all the countries of Europe and the Islands adjacent thereto, including England, Ireland, Scotland, Wales, and Iceland, all the countries of Africa and the islands adjacent thereto, all the countries and islands of Australasia, including the Australian Archipelago and the islands of the South Sea, and shall include all the countries of Asia except the Chinese Empire, the Japanese Empire, Manchuria, Annam, Cochin China, Tonking, Cambodia and Corea; it shall include also the islands adjacent to Asia except the Philippine Islands, Formosa, and those islands whether in Chinese or foreign possession [fol. 5549] lying in such relation to the coast of China as to be geographically or commercially a part of the Chinese Empire and excepting also all islands whether in Japanese or foreign possession lying in such relation to the Japanese Empire as to be geographically or commercially a part of the Japanese Empire.

* * * * * * *

[fol. 5550] This is a contract dated the 19th day of January, 1926, between the Western Electric Company, Inc., and The Gramophone Company, Ltd., an English stock company of Hayes, Middlesex. In addition to the portions of this contract appearing in full above, it contains provisions in substance as follows:

Section 2 provides for the furnishing of similar information and samples of future developments and inventions. Section 3 provides for the furnishing by Western to Gramophone of certain special assistance and advice in connection with manufacturing methods and apparatus, additional models or samples of apparatus adapted for use under the licenses, and services of experienced engineers to assist Gramophone; the assistance and technical information to be used by Gramophone Company and its subsidiary or associated companies and all inventions made by Western's en-

gineers assisting Gramophone to be owned by Western but licensed to Gramophone. Section 4 provides in connection with the services rendered and additional samples or models to be furnished by Western, that the Gramophone Company shall reimburse Western for the full cost thereof. Section 5 is printed in full above (pp. 2-5).

Section 1 of Article II is printed in full above. Section 2 limits the application of the licenses to the particular embodiments of such inventions for which said licenses are expressed as granted. Section 3 provides that no rights are agreed to be granted to any use of said inventions for other than mechanical talking machines and are not to include uses for reproduction of sound in coordination with motion pictures or for talking machines or parts thereof [fol. 5551] for other than entertainment or right to sell for export to countries outside the territory licensed. Section 4 grants to Gramophone, subject to the reservations and exceptions above, in the territory referred to in the schedule, licenses under the patents referred to in Section 1 of Article II to make, use and sell for entertainment or educational purposes mechanical talking machines. Section 5 provides that the licenses shall be exclusive to Gramophone within the restricted fields, uses and purposes expressed as granted, but nothing therein contained shall restrict or limit Western in granting or exercising rights for other fields, uses and purposes. Section 6 covers the right of Gramophone to grant sub-licenses. Section 7 reserves to Gramophone the right to sell apparatus already manufactured in case of termination of contract (pp. 5-9).

Article III is printed in full above.

Part of Section 1 of Article IV is printed in full above. The remainder of this section excepts certain transactions from royalty payment, defines "total sales" and specifies the method of *arising* at the amount of such total sales. Section 2 printed in full above. Section 3 decreases the amount of royalty to be paid on sale of machines at retail price of $100 or less embodying no inventions of Western except the sound box and its component parts. Section 4 provides that talking machines not embodying any inventions licensed hereunder except those relating to needles or inventions which Gramophone shall not have had notice in writing of the rights of Western prior to the date of sale or lease are not subject to royalty. Section 5 pro-

vides that royalties do not apply to the sale of tungsten [fol. 5552] needles or needles embodying no inventions or improvements licensed hereunder. Section 6 provides that no apparatus sold shall be subject to more than one royalty. Section 7 provides that Gramophone may have parts manufactured outside of defined territory by people licensed by Western, the amount of royalties paid by such manufacturers to be deducted from Gramophone's royalties. Section 8 is printed in full above. Section 9 gives certain relief to Gramophone if use of patents is interrupted by injunction. Section 10 provides for the keeping and auditing of records by Gramophone (pp. 10-20).

Article V provides for the termination of the contract in case of default (pp. 20-22).

Article VI grants certain relief to Gramophone in case patents are not protected by Products and reserves to Gramophone the right to contest the validity of same upon expiration of the contract (pp. 22-25).

Article VII provides for the marking of apparatus.

Aritcle VIII contains warranty by Western, Section 2 of which is printed in full above.

Article IX grants relief to each party in certain contingencies.

Article X provides for addresses for notices, and Article XI for arbitration (pp. 26-31).

Pages 33 to 38 contain the schedule referred to in the contract, of which page 37 is printed in full above.

[fol. 5553] EXTRACTS FROM EXHIBIT X-393

Agreement made this 10th day of August, 1927, between Electrical Research Products Inc., a Delaware corporation, party of the first part, hereinafter called the Products Company, and The Gramophone Company, Limited, an English joint stock company of Hayes, Middlesex, party of the second part, hereinafter called the Gramophone Company:

* * * * * * * *

Whereas, heretofore the Western Electric Company, Incorporated, a corporation of New York, hereinafter called the Western Company, and the Gramophone Company en-

tered into a certain agreement in writing dated the 19th day of January, 1926 (hereinafter referred to as the principal agreement), wherein and whereby the Western Company granted to the Gramophone Company certain rights and licenses with respect to acoustic apparatus;

* * * * * * *

Article II

Licenses to the Gramophone Company

1. The licenses herein granted and agreed to be granted by the Products Company are under all patents or like privileges in any part of said territory and applications for patents or like privileges in any part of said territory for inventions or improvements (whether machines, processes or compositions of matter) relating or applicable to mechanical or electrical talking machines or parts thereof which are now or which may during the continuance of this agreement be owned or controlled by the Products Company or in respect of which it now has or during the continuance of this agreement may acquire the right to grant such licenses, specifically including all of the patents and applications specified or referred to in the Schedule hereto. Patents, applications for patents and like privileges in said territory for inventions relating or applicable to machines, processes or compositions of matter adapted and intended to be used for the manufacture of mechanical or electrical talking machines (as distinguished from those relating to the talking machines themselves) are also included in said licenses so far as the Products Company has acquired the same subsequent to October 1, 1925, or shall hereafter [fol. 5554] acquire the same, and only for use in such manufacture of mechanical or electrical talking machines and not generally. If any patents or patent applications for any inventions which are not applicable to mechanical or electrical talking machines shall have been included in said Schedule, it shall be deemed an inadvertence and shall not enlarge the rights of the Gramophone Company hereunder; nor shall the omission from said Schedule of any of the patents, applications for patents or like privileges, referred to in this section, affect the rights of the Gramophone Company thereunder.

* * * * * * *

Article IV

Royalties to be Paid by the Gramophone Company and/or Its Subsidiary and Associated Companies

1. The Gramophone Company agrees for itself and its subsidiary or associated Companies, subject to the provisions hereof, to pay or cause to be paid to the Products Company as compensation for the licenses herein granted and agreed to be granted and for the obligations it has herein undertaken, including the technical information and assistance to be rendered by the Products Company hereunder, a royalty as hereinafter specified upon the total sales of all talking machines and parts thereof embodying any of the inventions or improvements herein licensed or agreed to be licensed to the Gramophone Company which have been or which shall hereafter be sold, leased or put into commercial use by the Gramophone Company and/or its subsidiary or associated Companies, and/or by its sub-licensees, where such talking machines and/or parts at the time and place of either the manufacture, use or sale thereof are covered by any patent or similar protection then in force, or any application for patent or similar protection then pending under which the Products Company herein licenses or agrees to license the Gramophone Company. Talking machines and/or parts manufactured under said licenses in any country where the same are covered by any of said patents or applications then in force shall be subject to royalty even though not protected in the country of sale or use, and similarly talking machines and/or parts sold or put into commercial use in a country where the same are covered by any of said patents or applications shall be subject to royalty even though manufacured in a country where such protection does not exist; the intent of this agreement being that royalty shall be paid in all cases where any of the license rights of manufacture, use or sale herein granted and agreed to be granted to the Gramophone Company are or were exercised by it or by its subsidiary or associated Companies or its sub-licensees, such [fol. 5555] royalty to be based upon the sales price (as hereinafter defined) or other compensation received by the Gramophone Company or its subsidiary or associated Companies or its sub-licensees for the apparatus covered by

such license rights. Said royalty shall (except as hereinafter expressly provided) be based upon the aggregated total sales of such talking machines and/or parts thereof, as above mentioned, during each "royalty period" during the continuance hereof (the first royalty period being from the date of the first sales thereof by them to and including December 31, 1928, and each succeeding twelve months' period of the continuance of this agreement being a royalty period). Provided that any such apparatus or talking machines embodying such apparatus made in one portion of the said territory and exported to another such portion to a subsidiary or associated Company of the Gramophone Company is not for the purposes of this agreement to be deemed as sold, leased or put into commercial use unless and until the same is in fact so sold, leased or put into such use by such subsidiary or associated Company. In cases of sales of combinations of acoustic reproducing and/or acoustic amplifying apparatus with electrical reproducing apparatus, the royalty hereby provided to be paid by the Gramophone Company to the Products Company shall be paid as provided herein upon the sales of such combinations in lieu of the royalty which would be payable by the Gramophone Company to the Products Company on the acoustic part or parts of such combinations, pursuant to the provisions of Section 1 of Article IV of the principal agreement.

The expression "total sales" as used herein means the total amount calculated on the principles in this Article IV mentioned realized by the Gramophone Company and its subsidiary or associated Companies, including any sublicensees aggregated during each royalty period as the sales price, rental or other compensation for said apparatus so sold, leased or put into commercial use by them hereunder. The expression "sales price" as used herein means in the case of wholesale sales the actual wholesale price, and in the case of sales made at retail prices by the Gramophone Company or its subsidiary or associated Companies the wholesale price to dealers ruling at the time in the country where such retail sale is made, or if there be more than one such wholesale price the higher or highest of such prices. In any country where there shall be no such wholesale price, the sales price shall be deemed to be the retail price less forty per cent (40%) thereof.

In order to arrive from time to time at the amount of such total sales and of the royalty in respect thereof pay-
[fol. 5556] able to the Products Company as aforesaid, the following provisions shall have effect, that is to say: where sales (including leasing and putting into commercial use) are effected in any currency, other than sterling, the total amount of such last mentioned sales during the three calendar months' period mentioned in Section 10 of this Article shall, in the first place, be converted into Sterling at the rate of exchange to be arrived at by taking the average of the mean quotations for such exchange as given in The Times newspaper, London, England, for the last business day of each month of the period. The amount of the Sterling as so ascertained shall then be added to the total amount of the sales effected in Sterling during the same period. The grand total as so ascertained shall then be converted into Dollars at the mean rate of the New York exchange as given in The Times for the last business day of such period. The Dollars, as so converted, shall be the dollar value of such sales on which royalty payable to the Products Company is to be calculated as aforesaid.

The said royalty shall be (a) a minimum royalty such that after all deductions for taxes or otherwise (other than British Income Tax imposed in respect of the amount of the Royalty) which the Gramophone Company would but for this provision be entitled for any cause to make, the Products Company shall receive a minimum amount of $15,000 for the first royalty period from the date hereof to the 31st December, 1928, and thereafter of $20,000 per year less British Income Tax as aforesaid and (b) an additional royalty calculated at such a rate that the Products Company shall receive a net amount, less British Income Tax, equal to 5 per cent of the said "total sales" during the first royalty period in excess of $300,000, and thereafter of the said "total sales" in excess of $200,000 per annum, and (c) such an additional sum as shall be equal to one-half of the amount so deducted for British Income Tax as aforesaid upon the said royalties.

2. The Gramophone Company agrees to exercise all reasonable and proper diligence to exploit and further the sale of apparatus pursuant to the licenses granted hereunder, to the end that such sales shall reach appreciable proportions as soon after the execution hereof as may be

reasonably possible. The Gramophone Company, however, agrees to pay to the Products Company on or before December 1, 1927, the said sum of Fifteen Thousand Dollars ($15,000) for the period from the date hereof to and including December 31, 1928, and for each calendar year thereafter during the term of this agreement on or before the 1st day of January of such year the said minimum [fol. 5557] sum of Ten Thousand Dollars ($10,000), (and pro rata for any fraction of such year), which payments shall be applied pro tanto in discharge of the royalties payable for said periods respectively under Section 1 of this Article IV hereof. The provisions of the last paragraph of Section 1 of this Article with regard to British Income Tax shall also apply to the payments in this Section 2 mentioned.

* * * * * * *

1. This agreement shall continue in force so long as the principal agreement is in effect and shall terminate whenever the principal agreement is terminated.

[fol. 5558] This contract, in addition to the portions quoted in full above, contained provisions, in substance as follows:

A recital of assignment of contract with Western Electric Company of January 19, 1926, to Electrical Research Products on January 3, 1927. Further recital that Gramophone Company desires to acquire licenses with respect to the reproduction of sound under the inventions or improvements of the Products Company (p. 2).

Article I provides that the Products Company furnish certain engineering and technical information and assistance, certain specifications and samples of each electrical talking machine part of each of Products' present preferred types, and such specifications and models of further electrical talking machines as Products might thereafter produce or acquire. It further provides that Products will assist Gramophone Company in its manufacturing processes (pp. 2–5).

Section 1 of Article II printed in full above. Section 2 recognizes that the inventions of some of said patents and applications may be applicable to other apparatus than that which Gramophone is licensed to make and that said licenses do not cover all embodiments of said inventions but

are limited to the particular ones for which said licenses are expressed as granted. Section 3 provides that no rights are granted or agreed to be granted to Gramophone with respect to (a) reproduction of sound from other than stylus operating talking machine records; (b) for talking motion pictures; (c) for apparatus in theatres or other places where motion pictures are regularly publicly shown; (d) in [fol. 5559] combination with or use as a Public Address System; (e) for other than entertainment or educational purposes; or (f) in combination or use with radio receiving apparatus or parts. Section 4 provides that with these exceptions it is granted Gramophone in the territory described any and all patents and applications referred to in section 1 of Article II, as follows: (a) to make, use and sell for entertainment or educational purposes, devices or parts for the electrical reproduction of sound from stylus operating commercial talking machine records; and (b) to make mechanical talking machines or acoustic parts thereof for assembly for use for entertainment and social purposes in combination with devices or parts thereof for the electrical reproduction of sound from stylus operating commercial talking machine records. Section 5. Licenses granted to Gramophone, so far as Products has right to do so, are exclusive, and to the extent that they cannot grant exclusive licenses, they are non-exclusive. So far as exclusive, they shall not preclude exploitation by Products of devices or parts for electrical reproduction of sound in combination with apparatus for projection of motion pictures. Section 6 gives right to Gramophone to grant sub-licenses (pp. 5–9).

Article III

Licenses to the Products Company

1. The Gramophone Company hereby grants and agrees to grant to the Products Company (so far as and to the extent that the Gramophone Company has or may for the time being have any right and power in view of its existing and/or future rights and power and/or contractual obligations so to do) non exclusive licenses in the said territory under all patents applications for patents and inventions [fol. 5560] relating or applicable to electrical talking machines which the Gramophone Company now or hereafter during the continuance of this Agreement shall own or con-

trol or in respect of which it has or during the continuance of this Agreement shall acquire the right to grant such licenses to make and cause to be made and to use lease and sell apparatus systems and devices embodying any or all such inventions but only for uses and purposes and in fields which are non-competitive with the respective businesses as heretofore carried on by the Gramophone Company and/or its subsidiary and associated Companies. The said licenses are to be free from royalty and assignable by the Products Company only to its successors in business or to any Corporation directly or indirectly controlling or controlled by the Products Company.

2. If the Gramophone Company now or during the continuance of this agreement beneficially owns or controls patent rights in any countries outside the said territory for improvements in or applicable to electrical Talking Machines (excluding in any case the Lumiere Loud Speaker) and is freed by third parties entitled, as it considers and contends, to the preferential right to acquire such patent rights exclusively, the Gramophone Company will upon written request and at the expense of the Products Company at any time during the continuance of this agreement to the extent, if any, that the Gramophone Company may, having regard to what is hereinbefore stated consider it has the right so to do but not further or otherwise, grant to the Products Company non-exclusive licenses under any such patents, to manufacture, use, lease and sell apparatus systems and devices embodying any or all of such inventions but only for uses and purposes and in fields which are non-competitive with the respective businesses as heretofore [fol. 5561] carried on by the Victor Talking Machine Company of Camden, New Jersey, U. S. A., and/or its associated and subsidiary Companies. Said licenses if granted shall be free of royalty or other consideration than this agreement and for the period of the continuance of this agreement if such patent rights shall so long subsist, and shall be assignable only to the successors in business of the Products Company and the Products Company or its said successors shall have the right to sub-license the Western Company and/or its successors in business thereunder. It is to be understood that the Gramophone Company considers it is not now in a position to grant any such license.

Sections 1 and 2 of Article IV printed in full above. Section 3 provides Products may terminate contract if amount of royalty for any year after 1928 does not equal $10,000, or if Gramophone does not sell, lease or put into commercial use apparatus exclusively licensed to it to an amount in the aggregate at least equal to 60% of the total dollar sales in the field exclusively licensed. Sections 4, 5 and 6 provide that royalties do not apply on certain apparatus specified. Section 7 covers the situation resulting from injunctions preventing Gramophone from using patents licensed and for termination thereof in such case at the election of Gramophone. Section 8 provides for records and audits of records to be kept by Gramophone (pp. 11-18).

Article V provides for termination in case of default (p. 19).

Article VI gives certain rights to the Gramophone Company in case patents exclusively licensed to it are not pro-
[fol. 5562] tected by Products (pp. 20-22).

Article VII provides for the marking of apparatus (pp. 22, 23).

Article VIII contains certain warranties by Products Company (pp. 23, 24).

Article IX relieves each party in contingency of strikes, riots, fires, insurrection, war, etc. (p. 24).

Article X pertains to notices.

Article XI provides for arbitration (pp. 25, 26).

Section 1 of Article XII is printed in full above.

Pages 27-40 contain schedule of patents referred to in Article II.

[fol. 5563] EXTRACTS FROM EXHIBIT X-394

Agreement for Western Electric Sound System, Plan B2-N. D. P.-52W between Electrical Research Products, Inc. (subsidiary of Western Electric Company, etc. (Form 315TS).

* * * * * * *

16. Products agrees that subject to the provisions hereof it will at its own expense defend any and all actions and suits which may during the term hereof be brought against the Exhibitor for infringement of any United States patent or patents relating to the apparatus or equipment furnished by Products hereunder, on account of any use of

said apparatus or equipment by the Exhibitor for the purpose and in the manner contemplated by this agreement and Products will pay or satisfy all judgments and decrees for profits, damages and/or costs which may be finally awarded against the Exhibitor by the Court of last resort in any such action or suit on account of any such infringement, provided that the Exhibitor shall give Products prompt notice (with written confirmation) of such action or suit, full information and all reasonable cooperation in connection therewith and full opportunity to defend the same, and provided, further, that this agreement shall not extend to any infringement or claim of infringement on account of the use of any of said equipment in combination with any apparatus or thing not furnished by Products, except films and records produced under licenses from Products where the alleged infringement resides in characteristics thereof or in methods or apparatus for producing the same specifically prescribed by Products and that the liability of Products under this agreement shall in no case exceed the total amount paid hereunder by the Exhibitor to Products. To the end that Products may protect itself and the Exhibitor from claims for infringement of patents, it is agreed that Products may at any time substitute for any of the equipment or parts thereof which may have been furnished to the Exhibitor hereunder, other equipment or parts which Products shall determine to be suitable for performing the function required, such substitution to be made without additional expense to the Exhibitor and with the least possible inconvenience to it or interruption of its business.

[fol. 5564] EXTRACTS FROM EXHIBIT X-395

Agreement Between American Telephone and Telegraph Co. and the Bell Telephone Company of Canada, Ltd., Covering Services, Licenses, and Privileges, Dated May 16, 1923

Whereas, by an agreement made on the first day of November, 1880, between the Canadian Telephone Company, Limited, The American Bell Telephone Company, The Bell Telephone Company of Canada and The American Speak-

ing Telephone Company, the said The American Bell Telephone Company among other things agreed that it would, on the receipt of the same, execute and deliver or cause to be executed and delivered to the Canadian Telephone Company, Limited, due and sufficient instruments of assignment and conveyance vesting in it the whole right, title and interest of every kind and nature in, under or connected with the certain letters patent of the Dominion of Canada theretofore issued to Alexander Graham Bell, to wit: No. 7,789, August 22, 1877, and in and to any and all other letters patent or patent rights or licenses to use patented inventions of, or in, said Dominion of Canada which it, the said The American Bell Telephone Company, has or may hereafter acquire for telephones or telephonic apparatus or for instruments or devices applicable in any manner for use in connection with telephones or telephonic apparatus; and,

Whereas, the American Telephone and Telegraph Company has succeeded to the obligations of The American Bell Telephone Company under the said provision of the said contract, and The Bell Telephone Company of Canada, Limited, has succeeded to the rights of the Canadian Telephone Company, Limited, under the said provision of the said contract; and,

Whereas, neither The American Bell Telephone Company nor its successor, the American Telephone and Telegraph Company, is obligated by the terms of the said contract to patent its inventions in the Dominion of Canada; and,

Whereas, the American Telephone and Telegraph Company desires to be relieved from its obligations to assign to The Bell Telephone Company of Canada, Limited, any and all letters patent of the Dominion of Canada which it may hereafter acquire for telephones or telephonic apparatus or for instruments or devices applicable in any manner for use in connection therewith, and The Bell Telephone Company of Canada, Limited, desires to be made secure in the right to use all such inventions of the American Telephone and Telegraph Company relating to said telephones or telephonic apparatus through licenses under patents to be issued therefor:

* * * * * * *

First. The Canadian Company hereby releases and discharges the American Company from all further obligations under the provisions of the second section of the said contract of November 1, 1880, which obligations are referred to in the preamble hereof;

[fol. 5565] Second. The American Company agrees with the Canadian Company that it will (1) furnish the Canadian Company copies of specifications of all applications for United States patents for inventions relating to telephones and telephonic appliances and equipment, including cables, or applicable for use in the telephone system of the Canadian Company, which the American Company or the Western Electric Company, Incorporated, also a corporation of said State of New York, may hereafter file in the United States of America; (2) upon the request of the Canadian Company, patent or cause to be patented in the Dominion of Canada and Newfoundland such of the said inventions designated by the Canadian Company as it may have the right to have so patented; (3) and grant or cause to be granted to the Canadian Company licenses to make (including the right to have others make and manufacture for it), use and sell under each of such patents of the Dominion of Canada and Newfoundland; which licenses shall be non-exclusive and shall continue until the ends of the terms of such patents, respectively.

The American Company may, if and so long as it elects to do, perform its obligations under this second section of this contract through an arrangement to be made by it with the International Western Electric Company, Incorporated, hereinafter called the International Company, whereby such copies of specifications of applications shall be furnished to the International Company, and the International Company shall then proceed to take out the patents in question and to grant to the Canadian Company the licenses above provided for pursuant to the procedure outlined in a contract dated August 27, 1919, between said International Western Electric Company, Incorporated, Western Electric Company, Limited, the Northern Electric Company, Limited, and the Canadian Company.

* * * * * * *

[fol. 5566] Fourth. The American Company for the term of this contract, further agrees:

1. That it will afford to the Canadian Company the right to acquire and use, as and when completed and standardized all new and approved apparatus and developments in the art of telephony resulting from the research and development work conducted by or under the direction of the American Company and hereinafter referred to; provided, however, that where the use of such apparatus and/or developments involves the use of Canadian patents not owned or controlled by the American Company, the American Company does not undertake to secure for the Canadian Company rights under such patents.

2. That it will continuously prosecute its fundamental work of research, investigation and experimentation in the development of the art and science of telephony and in the development of plans, methods, systems and ideas designed to promote safety, economy and efficiency in the equipment, construction and operation of telephone plants, including that of the Canadian Company; provided, however, that if the American Company should discontinue prosecuting its said fundamental work of research, investigation and experimentation for the Associated Companies of the Bell System in the United States of America, then its obligation under this paragraph shall cease; but in such event a reasonable amount to be agreed upon between the parties will be deducted from the compensation hereinafter provided for.

3. That it will furnish to the Canadian Company advice and assistance in general engineering, plant, traffic, operating, commercial, accounting (including the auditing of accounts), patent, administrative and other matters, including legal matters so far as reasonably practicable in view of the difference between the legal systems of the Dominion of Canada and of the United States, pertaining to the efficient, economical and successful conduct of the telephone business of the Canadian Company; such advice and assistance to be given through the issuance to it of data, discussions and conclusions, including bulletins, books, circular letters, standard specifications and blue prints, and through the performance of specific work in cases of unusual magnitude and complexity, rendering such work necessary, as well as through personal conferences between

officials and experts of the respective companies and through extending to representatives of the Canadian Company the privilege of attending conferences of the American Company and its Associated Companies.

[fol. 5567] 4. That it will furnish to the Canadian Company advice and assistance in its financing for the extension, development or improvement of its telephone system and in the general matter of its finances, including assistance in securing funds on fair terms as and when needed for new construction and other expenditures, and active assistance in the marketing of the Canadian Company's securities, but not including any obligation on the part of the American Company to advance its own funds or to use its own credit for these purposes.

5. That for the betterment of the service throughout its territory the Canadian Company shall be entitled to extend to those telephone companies in the Dominion of Canada and Newfoundland with which it may wish to exchange data and advice, on such terms and conditions as it may determine, the benefit of such engineering and other technical advice and information in respect of construction, maintenance, repair and operation of plant as it may receive from the American Company.

Fifth. The Canadian Company further agrees that it will pay to the American Company at the office of the latter at 195 Broadway, New York City, in each year, beginning with the year 1923, the amount stated below:

The initial and each succeeding annual payment hereunder shall be the sum of Three hundred thousand dollars, provided, however, that whenever the gross telephone revenues of the Canadian Company for any calendar year shall be more than twenty million dollars, by two million dollars, or by a multiple thereof, then the annual payment for such year shall be an amount equal to the initial annual payment above fixed plus ten per cent thereof where such increase of revenue is two million dollars and where such increase is a multiple of two million dollars, plus an increase equal to a like multiple of ten per cent thereof.

If the gross telephone revenues of the Canadian Company for any calendar year shall be less by two million dollars, or any multiple thereof, than the then basis for the

computation of the annual payment hereunder, then and in such event for each such two million dollars of decrease, or any multiple thereof, the annual payment hereunder shall [fol. 5568] be decreased by ten per cent of the initial annual payment hereunder or by a like multiple of such ten per cent, provided, however, that the annual payment hereunder shall in no event be less than the sum of three hundred thousand dollars, and provided further that the above provisions as to increase in the said annual payment on account of increases in revenue shall continue to be applicable; it being the intention of the parties that the annual payment shall not be less than three hundred thousand dollars, and that with this minimum it shall be increased or decreased, as the case may be, as above provided to correspond with increases or decreases in total gross annual telephone revenues.

Seventh. The term of this contract shall be ten years from the 1st of January, 1923, and thereafter until either party hereto shall give to the other one year's written notice of its election to terminate the same.

[fol. 5569] In addition to the provisions of this contract printed in full above, it contains, in substance, the following provisions:

Section 3. American Company agrees in acquiring from others United States patents, to make reasonable efforts to acquire at the same time such rights for Canada and Newfoundland. Where such additional rights can only be acquired at additional expense, they will be acquired only if authorized by the Canadian Company and at its expense (pp. 3 and 4).

Section 6: Right granted the American Company to cancel contract in case of default. Contract personal to Canadian Company and any transfer, including transfers by action of law, will be grounds for cancellation of contract by American Company (pp. 7 and 8).

Contract executed May 16, 1923.

[fol. 5570] EXTRACTS FROM EXHIBIT X-396

General Contract

This agreement, made this first day of November, 1880, by and between The Canadian Telephone Company, Limited, a corporation organized and existing under the laws of the Dominion of Canada, of the first part, The American Bell Telephone Company, a corporation organized and existing under the laws of the State of Massachusetts, of the second part, The Bell Telephone Company of Canada, a corporation organized and existing under the laws of the Dominion of Canada, of the third part; and The American Speaking Telephone Company, a corporation organized and existing under the laws of the State of New York, for itself and for the Gold and Stock Telegraph Company, and The Western Union Telegraph Company, also corporations organized and existing under the laws of the State of New York, of the fourth part, witnesseth:

First. The party of the first part hereby agrees that it will, from and out of, its capital stock of Three Hundred Thousand Dollars, divided into Three Thousand shares of the par value of One Hundred Dollars each, cause to be forthwith issued and delivered to the party of the second part Fifteen Hundred shares thereof of the par value of One Hundred and Fifty Thousand Dollars, in full consideration of and payment for the certain letters patent and patent rights in the Dominion of Canada herein stipulated to be assigned and conveyed to the party of the first part by the party of the second part.

Second. The party of the second part in consideration of the issuance and delivery to it of the said stock as herein provided, hereby agrees that it will on receipt of the same execute and deliver or cause to be executed and delivered to the party of the first part due and sufficient instruments of assignment and conveyance vesting in said party of the first part the whole right, title and interest of every kind and nature in, under or connected with the certain letters patent of the Dominion of Canada heretofore issued to Alexander Graham Bell, towit: No. 7789 August 22nd 1877; and in and to any and all other letters patent or patent

rights or licenses to use patented inventions of or in said Dominion of Canada which it the said party of the second part has or may hereafter acquire for telephone or telephonic apparatus or for instruments or devices applicable in any manner for use in connection with telephones or telephonic apparatus.

[fol. 5571] Third. The party of the first part hereby further agrees to issue from and out of its capital stock as aforesaid, and to forthwith deliver to the party of the fourth part Five Hundred (500) shares thereof, of the value of Fifty Thousand Dollars, in full consideration of and payment for the interests in Letters Patent and Patent rights in said Dominion of Canada, herein stipulated to be assigned and conveyed by the said party of the fourth part; and the said Gold and Stock Telegraph Company to the party of the first part.

Fourth. The party of the fourth part in consideration of the issuance and delivery to it of the said Five Hundred shares of the capital stock of the party of the first part, hereby agrees that it will on receipt of the same, together with the said Gold and Stock Telegraph Company, duly assign, transfer and convey to the said party of the first part, by due and sufficient instruments and writings, all such interests as it, and the said Gold and Stock Telegraph Company, or either of them, now own or may hereafter acquire in any patent rights or letters patent of said Dominion of Canada for inventions or improvements in telephones or telephonic apparatus or for instruments or devices applicable in any manner for use in connection with telephones or telephonic apparatus, and particularly in the certain letters patent, heretofore issued in said Dominion of Canada to Elisha Gray, Thomas A. Edison and George M. Phelps as follows, towit:

Elisha Gray, No. 4948, July 7, 1875.
No. 4949, July 7, 1875.
No. 9480, Dec. 12, 1878.
No. 9481, Dec. 12, 1878.
No. 5496, Dec. 14, 1875.
No. 6101, May 23, 1876.
No. 9482, Dec. 12, 1878.
No. 9483, Dec. 12, 1878.

No. 6201, June 16, 1876.
No. 8366, Jan. 26, 1878.
No. 8872, June 4, 1878.
Thomas A. Edison, No. 8026, Oct. 17, 1877.
No. 9923, May 1, 1879.
No. 9922, May 1, 1879.
G. M. Phelps, No. 10416, Sept. 2d, 1879.

[fol. 5572] And the said party of the first part hereby undertakes and agrees to pay to the party of the fourth part, the sum of Two Thousand Dollars per year for seven years beginning January 1st, 1881 and ending January 1st, 1887, in consideration for the assignment of the Telephone patents of Thomas A. Edison in the Dominion of Canada by the party of the fourth part to the party of the first part.

Fifth. It is further agreed by and between the parties hereto that the capital stock of the party of the first part, amounting to One Thousand shares of the par value of One Hundred Thousand Dollars remaining after the issues and deliveries hereinbefore provided for shall be issued and sold by the party of the first part as required in order to secure funds for the purchase and manufacture by it of telephones and telephonic apparatus, and that of said One Thousand shares of stock of the party of the first part; seven hundred and fifty shares thereof may be subscribed for and taken by the party of the second part, in paying the par value of Seventy-five Thousand Dollars therefor, and the remaining two hundred and fifty shares thereof may be subscribed for and taken by the party of the fourth part, in paying the par value of Twenty-five Thousand Dollars therefor, or in the like proportion if less than the whole one thousand shares shall be issued at any one time; the parties of the second and fourth parts hereby agreeing that if they or either of them shall fail to take and pay for their respective portions of the said stock herein provided for within the period of sixty days after an opportunity shall have been afforded them by the party of the first part to so take and pay for the same, the said party of the first part may thereupon proceed to sell and deliver to others than the parties of the second and fourth parts, the portion of stock which the party or parties hereto who shall have so failed to take and pay for the same would otherwise have been entitled to subscribe for and receive.

The parties of the second and fourth parts hereby agree between themselves that they will neither of them without first offering the same for sale to the other, sell or dispose of any of the stock of the party of the first part which they [fol. 5573] may respectively acquire under this article except such portion of said stock (Thirty-seven Thousand Five Hundred Dollars) as the party of the second part is under contract with Alexander M. Bell and Charles Williams Junior bound to transfer to said Bell and Williams in part consideration for the patents purchased from them, and not exceeding ten shares each to the Directors of said Company.

Sixth. The parties of the second and fourth parts hereby severally agree with the party of the first part that each of them respectively will forthwith sell, transfer and deliver to the party of the first part all the certain telephones and telephonic apparatus and plant belonging to each of them respectively within the said Dominion of Canada, and the said party of the first part hereby agree- that it will take the same and pay the parties of the second and fourth parts respectively therefor an amount in cash equal to the actual cost of the said telephones and telephonic apparatus to them respectively.

Seventh. The party of the third part from and out of its capital stock of Five Hundred Thousand Dollars, divided into five thousand shares of the par value of One Hundred Dollars each (whereof stock to the amount of One Hundred and Sixty-seven Thousand Dollars is to be issued to the party hereto of the first part in part consideration of an exclusive right to carry on the telephone business in said Dominion of Canada under the patents and patent rights of said party of the first part, and the remainder thereof is hereafter to be issued as may be required for the purchase and maintenance of telephone lines and exchanges, and the material necessary therefor), hereby agrees to forthwith issue and deliver to the party of the fourth part for the said Western Union Telegraph Company, One Hundred shares of said capital stock of the party of the third part in payment for the certain telephone exchanges of the said Western Union Telegraph Company situated in the Cities of St. John, New Brunswick and Halifax, Nova Scotia, and to issue to the party of the second

part stock in payment for telephone exchanges as follows: For the exchanges purchased by said party of the second part, of the Dominion Telegraph Company, Seven Hundred and Fifty shares; for the exchange at London, Fifty shares; for the exchange at Windsor, Twenty-five shares; which said Telephone exchanges the said party of the third part agrees to take, and the parties of the second and fourth parts respectively agree to cause to be sold, transferred and delivered to the party of the third part.

* * * * * * * *

[fol. 5574] EXHIBIT X-397

American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held January 15, 1924:

Resolved, that of the surplus earnings for 1923 amounting to approximately $18,500,000, there be transferred to Reserve for Contingencies, $3,000,000 as of December 31, 1923.

A. A. Marsters, Secretary. (Seal.)

American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held January 7, 1925:

Resolved, that of the surplus earnings for 1924 amounting to approximately $19,000,000 there be transferred to reserve for contingencies, $6,000,000 as of December 31, 1924.

A. A. Marsters, Secretary. (Seal.)

American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee

of the American Telephone and Telegraph Company at a meeting held January 13, 1926:

Resolved, that of the surplus earnings for 1925 amounting to approximately $26,438,000, there be transferred to reserve for contingencies, $6,000,000 as of December 31, 1925.

A. A. Marsters, Secretary. (Seal.)

[fol. 5575] American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held January 12, 1927:

Resolved, that of the surplus earnings for 1926 amounting to approximately $30,500,000, there be transferred to Reserve for Contingencies, $4,000,000 as of December 31, 1926.

A. A. Marsters, Secretary. (Seal.)

American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held January 18, 1928:

Resolved, that the telephones carried on the books of the General Department having been sold, there be transferred as of December 31, 1927, from Reserve for Accrued Depreciation to Reserve for Contingencies the balance (approximately $14,400,000) remaining in Reserve for Accrued Depreciation with respect to telephones.

A. A. Marsters, Secretary. (Seal.)

[fol. 5576] EXHIBIT X-398

Electrical Research Products, Inc., General Auditing Dept. Condensed Summary of Results of Talking Motion Picture Business for the year 1929 compared with Budget for the year 1930.

Same; Results for year 1928 compared with Budget of 1929.

Profits on Sales of Sound Picture Equipment as Published for the years 1926 to 1930, Inc.

Combined Results of Western Electric Co., Inc., Electrical Research Products, Inc., and its Subsidiaries on Talking Motion Picture Business years 1926 to 1931.

Results on Talking Motion Picture Business 1926-1931 Foreign Subsidiaries—Gross Revenue.

Condensed Summary of Results for year 1927.

Summary of Results by Classes of Business—Twelve Months of 1930.

Same for 1931.

(These documents were furnished by plaintiff to defendants June 14, 1932, together with following statement of June 15, 1932:

"The main items of investment involved are plant at face value, merchandise, receivables and cash, less current accounts payable, in the Western Electric Company and in the Electrical Research Products, Inc., in this country and abroad.

Western Electric Company

The method of determining the amount of plant and merchandise investment devoted to sound picture business is in general by the use of standard shop costs. In this computation, however, there is excluded plant and merchandise investment of the Installation Department, Merchandise [fol. 5577] Department and distributing houses practically none of which is involved in the sound picture business.

The investment in receivables is determined definitely on the basis of the investment actually on the books in these receivables.

Cash and payables applicable to sound picture business are determined by the use in general of standard shop costs.

Electrical Research Products, Inc., Domestic

The apportionment of the elements of investment to sound picture business involves the fact that in 1927, 1928 and 1929, two separate sets of books were maintained as follows:

At 57th Street, Covering local operations.

At 195 Broadway, Covering general operations.

For 1930 and 1931 these books were merged and maintained at 57th Street. The apportionment was made as follows:

Plant: Practically 100% sound picture business.

Merchandise: All sound picture business at Western Shop cost less depreciation.

Receivables: As shown by the books with respect to Accounts with exhibitors and producers and with others in connection with non-theatrical sound picture business.

Cash: For 1927, 1928 and 1929, all cash on the 57th Street books plus practically all cash on the 195 Broadway books; for 1930 and 1931 approximately 90% of the total cash.

Payables: For 1927, 1928 and 1929, all payables on the 57th Street books for 1930 and 1931 apportioned between sound picture business and other business on the basis of volume. Payables include the reserve for royalties to be returned to the Vitaphone Corporation.

[fol. 5578] Electrical Research Products, Inc., Foreign

All investment in the foreign companies was with respect to sound picture business and represents capital stock plus the open account as carried on the Electrical Research Products Inc. domestic books plus surplus on the foreign subsidiary company books."

[fol. 5579] EXHIBIT X-398

Electrical Research Products, Inc., General Auditing Department

Page 3

Monthly Report No. 1

Condensed Summary of Results of Talking Motion Picture Business for the Year 1929 Compared with Budget for the Year 1930

(Expressed in Thousands of Dollars)

Assets and Liabilities:	a Budget Dec. 31, 1930	b Dec. 31, 1929	c Increase (a—b)	
1. Plant	$1,000	690	$310	1
2. Merchandise	7,800	6,913	887	2
3. Bills Receivable	1,000	2,131	(1,131)	3
4. Accounts Receivable	24,900	13,131	11,769	4
5. Cash	200	287	(87)	5
Total Assets	34,900	23,152	11,748	6
7. Company Investment	28,151	17,852	10,299	7

EXHIBIT X-398—Continued

		a Budget Dec. 31, 1930	b Dec. 31, 1929	c Increase (a—b)	
	Assets and Liabilities:				
8.	Advances on Exhibitors' Contracts	600	262	338	8
9.	Current Liabilities—Western Electric Co., Inc.	2,500	2,489	11	9
10.	Other	900	520	380	10
11.	Reserves for Depreciation of Plant	1,000	519	481	11
12.	Depreciation on Receivables	518	379	139	12
13.	Contingencies	1,231	1,131	100	13
14.	Total Liabilities	34,900	23,152	11,748	14

		d Budget 1930	e 1929	f Increase (d−e)	g Per Cent Increase (f÷e)	
	Revenue:					
	Operating Revenues:					
15.	Equipment License Fees	$30,800	$30,191	$609	2.0	15
16.	Theatre Service Fees	5,200	3,372	1,828	54.2	16
17.	Royalties Received (Gross)	1,770	1,719	51	3.0	17
18.	Royalties Received Foreign (Gross)	450	94	356	378.7	18
19.	Sales (Foreign)	4,000	9,896	(5,896)	(59.6)	19
20.	Total Operating Revenues	42,220	45,272	(3,052)	(6.7)	20
	Gross Income:					
	Gross Margin:					
21.	Equipment License Fees	9,850	9,632	218	2.3	21
22.	Theatre Service Fees	700	585	115	19.7	22
23.	Royalties Received (Net)	800	489	311	63.6	23
24.	Royalties Received Foreign (Net)	300	63	237	376.2	24
25.	Gross Profits—Sales (Foreign)	450	1,324	(874)	(66.0)	25
26.	Interest Received	700	527	173	32.8	26
27.	Total Gross Income	12,800	12,620	180	1.4	27
	Expenses:					
28.	Acoustic Department	5,000	3,092	1,908	61.7	28
29.	General Department	370	247	123	49.8	29
30.	Engineering	2,371	2,393	(22)	(.9)	30
31.	Federal Taxes	607	805	(198)	(24.6)	31
32.	Total Expenses	8,348	6,537	1,811	27.7	32
33.	Net Profit before Reserves	4,452	6,083	(1,631)	(26.8)	33
34.	Reserves	452	0	(452)	.....	34
35.	Net Profit	4,000	6,083	(2,083)	(34.2)	35
36.	Average Investment	24,000	16,396	7,605	46.4	36
	Percentages:					
37.	Relation of Gross Margin to Equipment License Fees	32.0	31.9	.....	.....	37
38.	Relation of Gross Margin to Theatre Service	13.5	17.3	.....	.....	38
39.	Relation of Royalties (Net) to Royalties (Gross)	45.2	28.4	.....	.....	39

	Assets and Liabilities:	a Budget Dec. 31, 1930	b Dec. 31, 1929	c Increase (a—b)		
40.	Relation of Royalties Foreign (Net) to Royalties Foreign (Gross)	66.7	66.7	.....	.....	40
41.	Relation of Gross Profits to Sales (Foreign)	11.3	13.4	.....	.....	41
	Relation of Expense to Gross Income:					
42.	Acoustic Department	39.1	24.5	.....	.....	42
43.	General Department	2.9	2.0	.....	.....	43
44.	Engineering	18.5	19.0	.....	.....	44
45.	Federal Taxes	4.7	6.3	.....	.....	45
46.	Total	65.2	51.8	.....	.....	46
47.	Return on Investment	16.7	37.1	.....	.....	47

Budget of General Expense includes $350,000 for Publicity.

[fol. 5580] Electrical Research Products Inc., General Auditing Department

Page 3

Monthly Report No. 1

Condensed Summary of Results for the Year 1928

Compared with Budget for the Year 1929

(Expressed in Thousands of Dollars)

Acoustic Department

	Assets and Liabilities:	a Budget Dec. 31, 1929	b Dec. 31, 1928	c Increase (a—b)	
1.	Plant	$450	$203	$247	1
2.	Merchandise	5,900	4,476	1,424	2
3.	Unliquidated Engineering Expense	0	76	(76)	3
4.	Bills Receivable	4,500	2,720	1,780	4
5.	Accounts Receivable	17,610	8,357	9,253	5
6.	Cash	100	94	6	6
7.	Total Assets	28,560	15,926	12,634	7
8.	Company Investment	26,710	12,445	14,265	8
9.	Advances on Exhibitors Contracts	750	2,419	(1,669)	9
10.	Current Liabilities	750	955	(205)	10
11.	Reserve for Depreciation of Plant	350	107	243	11
12.	Total Liabilities	28,560	15,926	12,634	12

	Revenue:	d Budget 1929	e 1928	f Increase (d—e)	g Per Cent Increase (f÷e)	
	Operating Revenues:					
13.	Equipment License Fees	$41,600	$14,134	$27,466	194.4	13
14.	Sales (Foreign)	3,353	475	2,878	605.9	14
15.	Theatre Service Fees	3,000	946	2,054	217.1	15
16.	Royalties Received (Gross)	940	325	615	189.2	16
17.	Royalties Received Foreign (Gross)	465	0	465	.....	17
18.	Total Operating Revenues	49,358	15,880	33,478	210.8	18

Gross Income:

Gross Margin:

		d	e	f	g	
	Revenue:	Budget 1929	1930	Increase (d—e)	Per Cent Increase (f÷e)	
19.	Equipment License Fees	11,230	5,268	5,962	113.2	19
20.	Sales (Foreign)	676	73	603	826.0	20
21.	Theatre Service Fees	600	195	405	207 7	21
22.	Royalties Received (Net)	400	135	265	196.3	22
23.	Royalties Received Foreign (Net)	310	0	310	.....	23
24.	Interest Received	500	133	367	275.9	24
25.	Total Gross Income	13,716	5,804	7,912	136.3	25
	Expenses:					
26.	Acoustic Department	2,738	937	1,801	192.2	26
27.	General Department	150	243	(93)	(38.3)	27
28.	Engineering	2,234	1,400	834	59.6	28
29.	Federal Taxes	1,031	402	629	156.5	29
30.	Total Expenses	6,153	2,982	3,171	106.3	30
31.	Net Profits before Reserves	7,563	2,822	4,741	168.0	31
32.	Reserves	1,433	325	1,108	340.9	32
33.	Net Profit	6,130	2,497	3,633	145.5	33
34.	Average Investment	16,500	4,465	12,035	269.5	34
	Percentages:					
35.	Relation of Gross Margin to Equipment License Fees	27.0	37.3	.....	.....	35
36.	Relation of Gross Margin to Sales (Foreign)	20.2	15.4	.....	.....	36
37.	Relation of Gross Margin to Theatre Service Fees	20.0	20.6	.....	.....	37
38.	Relation of Royalties (Net) to Royalties (Gross)	42.6	41.4	.....	.....	38
39.	Relation of Royalties (Net) to Royalties (Gross) (Foreign)	66.7	.....	.....	.....	39
	Relation of Expense to Gross Income:					
40.	Acoustic Department	20.0	16.2	.....	.....	40
41.	General Department	1.1	4.2	.....	.....	41
42.	Engineering	16.3	24.1	.....	.....	42
43.	Federal Taxes	7.5	6.9	.....	.....	43
44.	Total	44.9	51.4	.....	.....	44
45.	Return on Investment	37.2	55.9	.....	.....	45

Date Issued, February 11, 1929. R. H. Gregory, General Auditor.

(Here follows side folio 5581).

[fol. 5581]

Western Electric Co.

Profits on Sales of Sound Picture Equipment as Published for the Years 1926 to 1930 Inclusive

(Dollars in Thousands)

	Grand Total			a	b	c	d	e	f	g	h	i	j	k	l				
				1930			1929			1928			1927			1926			
	Total	W. E. Mfg.	Supplies	Total	W. E. Mfg.	Supplies	Total	W. E. Mfg.	Supplies	Total	W. E. Mfg.	Supplies	Total	W. E. Mfg.	Supplies	Total	W. E. Mfg.	Supplies	
Sales	$47,131	$42,351	$4,780	$9,978	$8,935	$1,043	$24,607	$22,329	$2,278	$9,159	$7,994	$1,165	$2,177	$1,983	$194	$1,210	$1,110	$100	1
Gross Profits:																			
Basic Gross Profits	13,475	13,245	230	2,604	2,557	47	6,919	6,811	108	2,519	2,465	54	779	765	14	654	647	7	2
Manufacturing Dept. Surplus	1,946	1,946	0	(430)	(430)	0	1,540	1,540	0	912	912	0	(75)	(75)	0	(1)	(1)	0	3
Effect of Inventory Revaluations and Reserves	(728)	(720)	(8)	(33)	(25)	(8)	(136)	(136)	0	(479)	(479)	0	(50)	(50)	0	(30)	(30)	0	4
Royalties Paid on Restricted Apparatus	(120)	(120)	0	0	0	0	0	0	0	0	0	0	(70)	(70)	0	(50)	(50)	0	5
Total Gross Profits (2 to 5)	14,573	14,351	222	2,141	2,102	39	8,323	8,215	108	2,952	2,898	54	584	570	14	573	566	7	6
Operating Interest	8	8	0	4	4	0	0	0	0	3	3	0	1	1	0	0	0	0	7
Total Income (6÷7)	14,581	14,359	222	2,145	2,106	39	8,323	8,215	108	2,955	2,901	54	585	571	14	573	566	7	8
Expenses:																			
Development Expense	3,233	3,233	0	776	776	0	1,397	1,397	0	803	803	0	194	194	0	63	63	0	9
Distribution Expense	2,737	2,544	193	608	535	73	1,232	1,170	62	539	502	37	178	160	18	180	177	3	10
Federal Taxes	1,001	995	6	169	169	0	640	636	4	117	115	2	29	29	.....	46	46	0	11
Total Expenses 9 to 11)	6,971	6,772	199	1,553	1,480	73	3,269	3,203	66	1,459	1,420	39	401	383	18	289	786	3	12
Net Profits (8−12)	7,610	7,587	23	592	626	(34)	5,054	5,012	42	1,496	1,481	15	184	188	(4)	289	280	4	13
Average Investment	6,717(A)	6,540	177	8,322	8,166	156	16,275	16,290	435	6,200	5,990	210	1,712	1,657	55	627	598	29	14
Return on Investment	22.7%	23.2%	2.8%	7.1%	7.7%	(21.8)%	30.2%	30.8%	9.7%	24.1%	24.7%	7.2%	10.7%	11.3%	(7.3)%	45.3%	46.8%	13.8%	15

(A) Average investment for 5 years.

[fol. 5582] Combined Results of Western Electric Company, Incorporated, Electrical Research Products, Inc., and Its Subsidiaries on Talking Motion Picture Business, Years 1926–1931

(Dollars in Thousands)

	Total	1931	1930	1929	1928	1927	1926
Combined Results:							
Gross Revenue	$132,609	$22,542	$40,381	$50,475	$15,738	$2,263	$1,210
Net Profit	17,947	(1,485)	5,358	11,422	3,400	(1,032)	284
Average Investment	20,628(A)	18,718	41,285	49,527	9,928	3,683	627
Return on Average Investment	14.5	(7.9)	13.0	23.1	34.2	(28.0)	45.3
Western Electric Company, Incorporated:							
Sales	$49,218	$2,087	$9,978	$24,607	$9,159	$2,177	$1,210
Net Profit	7,551	(59)	592	5,054	1,496	184	284
Average Investment	6,008(A)	2,462	8,322	16,725	6,200	1,712	627
Return on Investment	20.9	(2.4)	7.1	30.2	24.1	10.7	45.3
Electrical Research Products Inc., Domestic:							
Gross Revenue	$105,943	$15,241	$27,288	$45,271	$15,880	$2,263	.....
Net Profit	9,278	(389)	1,792	6,136	2,754	(1,015)	.....
Average Investment	11,847(A)	11,182	24,465	29,118	4,244	2,071	.....
Return on Investment	13.1	(3.5)	7.3	21.1	64.9	(49.0)	.....
Foreign Subsidiaries:							
Gross Revenue	$41,076	$8,572	$18,217	$14,131	$156	.....	.....
Net Profit	2,296	(1,980)	2,181	2,130	(35)	.....	.....
Average Investment	3,910(A)	6,723	11,006	5,639	92	.....	.....
Return on Investment	9.8	(29.4)	19.8	37.8	(38.0)	.....	.....
Adjustments to Combine Results:							
Gross Revenue Adjustment for W. E. Co. Material Sales to ERPI and Products Co. Sales to ERPI Foreign Subsidiaries	($63,628)	($3,358)	($15,102)	($33,534)	($9,457)	($2,177)	.....
Profits Adjustment—Writedown of Inventories to W. E. Shop Cost	(1,178)	943	793	(1,898)	(815)	(201)	.....
Investment Adjustment—Reduction to W. E. Shop Cost of Inventories	(1,137)(A)	(1,649)	(2,508)	(1,955)	(608)	(100)	.....

(A) Average Investment for six years.

[fol. 5583] Results on Talking Motion Picture Business, 1926-1931

Foreign Subsidiaries—Gross Revenue

(Dollars in Thousands)

Gross Revenue (per No. 1 Reports):	Total	1931	1930	1929	1928	
London	$21,058.0	$4,245	$9,610.3	$7,047	$155.7	1
S. M. A., Inc.	3,514.1	1,202	1,556.1	756	.....	2
Austria	1,251.3	113	814.3	324	.....	3
Denmark	262.0	33	103.2	125.8	.....	4
Germany	23.3	.....	.....	23.3	.....	5
Holland	172.5	20	110.5	42	.....	6
Italy	604.8	115	213.8	276	.....	7
Near East	592.9	195	298.9	99	.....	8
Poland	423.9	40	297.9	86	.....	9
Roumania	38.0	38	.....	.....	.....	10
Spain	1,222.5	438	654.5	130	.....	11
Sweden	479.2	60	160.8	258.4	.....	12
Switzerland	593.0	82	415.0	96	.....	13
Argentina	678.1	173	257.1	248	.....	14
Brazil	523.2	108	159.2	256	.....	15
Chile	427.4	119	308.4	.....	.....	16
Cuba	997.7	278	376.7	343	.....	17
Mexico	150.3	48	59.3	43	.....	18
Asia	1,045.2	277	634.2	134(A)	.....	19
Australia	5,314.3	691	1,515.3	3,108	.....	20
New Zealand	1,462.4	194	588.4	680	.....	21
Orient	243.2	103	83.5	56.7	.....	22
Total Gross Revenue	41,077.3	8,572	18,217.4	14,132.2	155.7	23
Used	41,076	8,572	18,217	14,131	156	

From 57th Street to J. J. Stuebe by telephone. No No. 1 Report was issued for Asia in 1929.

[fol. 5584] Annual Report No. 1, X-398, P. 6

Electrical Research Products, Inc.

Acoustic Department

Condensed Summary of Results for the Year 1927

Assets and Liabilities:		
1. Plant	$45,238.22	1
2. Merchandise	1,343,238.98	2
3. Installation in Process	20,257.66	3
4. Unliquidated Development Expense	368,652.23	4
5. Bills Receivable	998,189.29	5
6. Accounts Receivable	472,386.79	6
7. Doubtful Receivables	309,283.74	7
8. Cash	51,711.63	8
9. Total assets	3,608,958.54	9

10.	General Department Investment	2,960,864.03	10
11.	Advances on Exhibitors' Contracts	190,225.00	11
12.	Current Liabilities	69,399.43	12
	Reserves:		
13.	Royalties Returnable to Vitaphone Corporation	21,590.17	13
14.	Depreciation on Plant	18,254.66	14
15.	Depreciation on Doubtful Receivables	169,707.25	15
16.	Reduction of Merchandise Inventory to Fair Market Value	178.918.00	16
17.	Total liabilities	3,608,958.54	17
	Operating Revenues:		
18.	Equipment License Fees	1,854,923.24	18
19.	Theatre Service Fees	311,664.56	19
20.	Royalties Received and Accrued (Gross)	96,193.48	20
21.	Total operating revenues	2,262,781.28	21
	Gross Income:		
22.	Gross Margin—Equipment License Fees	58,762.61	22
23.	Theatre Service Fees	167,529.96	23
24.	Royalties Received and Accrued (Net)	45,985.59	24
25.	Interest Received	41,997.31	25
26.	Total gross income	314,275.47	26
	Expenses:		
27.	Acoustic Department—Bad Accounts	142,361.30	27
28.	Other Expenses	206,541.37	28
29.	General Department Charges	45,000.00	29
30.	Development at Standard Rates	250,643.00	30
31.	Total expenses	644,545.67	31
32.	Net Operating Income	(330,270.20)	32

( ) Indicates negative figure.

Date Issued Feb. 29, 1928.

(Here follow side folios 5585 and 5586)

X-398

P7.

Electrical Research Products Inc.
General Auditing Department

EXHIBIT X-398

SUMMARY OF RESULTS BY CLASSES OF PICTURES
FISCAL PERIOD OF 1930
(Expressed in Thousands of Dollars)

Issued February 2, 1931

	Talking Motion Pictures																Manufacturing					
	Theatre		Non-Theatrical		Broadcasting		Recording		Reproducing		Service		Export		Royalties		Sales		Licensees		Investments		Total	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Gross Operating Revenue	9,548	9,800	413	1,154	246	275	1,482	1,600	1,627	1,700	5,526	5,500	5,490	5,220			23	11		7			24,414	25,279
Less: Royalties															2,916	2,541	15	21	112	180			3,029	2,566
Total Gross Revenue	9,548	9,800	413	1,154	246	275	1,482	1,600	1,627	1,700	5,526	5,500	5,490	5,220	2,916	2,541	121	102	118	127			28,438	28,869
Equipment Cost	4,410	4,605	200	537	107	125	669	656	713	748			4,139	3,955									10,238	10,650
Operating Cost	2,455	2,541	613	519	66	46	501	464	418	433	4,029	4,180	690	755	67	73	11	8	3	3			8,831	9,113
Vitaphone Share of Royalties															555	591							555	591
A. T. & T. Co. Share of Royalties															771	840							771	702
I.E.E.,R.C.A Davis Share of Royalties																			5	5			53	56
Total	6,865	7,145	813	1,056	173	171	1,170	1,120	1,131	1,181	4,029	4,180	4,829	4,710	1,393	1,504	13	8	9	9			20,550	21,108
Development																								
Bell Laboratories	355	369	16	43	8	10	54	53	58	59			333	317									824	848
A. T. & T. Royalty on Apparatus	122	140	6	19	3	4	19	23	19	26			135	137	5		88	101					298	305
Patent Expense																							305	369
Thomas	58	67	4	8	2	2	14	10	15	11			86	97									213	
Carbon																	11	6	2	2			230	169
E.E.P.I.	30	25	2	2	1	1	4	4	5	4			28	21			34	35					74	63
Errors in Design	63		2		1		6		7				40										70	57
Experimental Work & Supplies	86	66	1	1	2	2	12	9	13	10			73	56									99	77
Total Development Expense	714	667	31	80	17	19	109	99	117	110			665	631									1,494	1,419
Total Cost Incl. Development	7,587	7,812	844	1,136	190	190	1,279	1,219	1,248	1,291	4,029	4,180	5,494	5,341	1,393	1,504	146	150	11	11			22,044	22,527
Gross Profit at Current Cost	1,961	1,988	(431)	18	56	85	203	381	379	309	1,497	1,320	(37)	(78)	1,523	1,237	(25)	(48)	107	116			6,394	6,342
Other Revenue																								
Interest	605	684			3		26								21	11	36						656	695
Dividends																								
Miscellaneous																								
Total Gross Income	2,606	2,667	(431)	18	59	85	229	381	379	309	1,497	1,320	(37)	(78)	1,544	1,248	(25)	(48)	107	116			6,394	6,342
General Expense																								
Administration & General Office	763	728	134	140	32	38	128	142	255	253	357	370	311	318	43	44	24	27	37	39	716	668	2,893	2,850
Sales																								
Field Direct	632	631	415	449	19	15																	1,066	1,095
Branch Office Rent & Service	156	160	119	122																			275	282
Promotion (Direct)			165	217																			165	217
Publicity	128	133	24	36																			152	169
General (Direct)	89	82	29	34																			98	91
Home Office Rent & Service	80	80	55	48	4	5																	105	113
Total Sales Expense	1,085	1,031	807	916	23	20																	1,855	1,967
Engineering																								
Direct	195	204	145	155			23	51					42	40	416	436	5	5					628	736
Office Rent & Service	30	26	22	20			4	6					6	5	64	67	1	1					128	126
Charges from P.E. Co.	53	57	13	17		1	24	11	9	9	28	30	19	50			3	6			7	6	235	211
Total General Expense	2,106	2,050	1,127	1,358	55	59	195	230	264	262	385	400	396	413	523	551	34	39	37	35	723	676	5,950	6,134
Net Profit Before Reserves and Federal Taxes	500	637	(1,555)	(1,240)	4	26	44	151	115	47	1,119	920	(433)	(491)	1,021	687	(59)	(87)	70	77	4,810	4,891	5,864	5,690
Interest Paid	287	169	22	35	3	5	70	55	26	28	2	6	20	18							1,075	1,058	1,518	1,562
Net After Interest	213	808	(1,577)	(1,275)	1	21	(26)	95	89	19	1,103	914	(460)	(509)	1,021	687	(59)	(87)	70	77	3,343	3,376	4,346	4,088
Federal Taxes																								
Net Profit Before Reallocation	213	808	(1,577)	(1,275)	1	21	(26)	95	89	19	1,103	914	(460)	(509)	1,021	687	(59)	(87)	70	77	3,343	3,376	4,346	4,088
Cost of Educational Film Allocated Against Future Film Sales			165	217																			165	217
Export Expense Allocated Against Foreign Dividends													460	509							(460)	(509)		
Final Net Profit on Domestic Business	213	808	(1,412)	(1,058)	1	21	(26)	95	89	19	1,103	914	0	0	1,021	687	(59)	(87)	70	77	2,883	2,867	4,511	4,305
% of Total Gross Revenue																								
Equipment Cost	46.0	47.0	48.4	46.5	43.5	46.5	45.1	41.0	43.8	44.0			75.4	75.8									36.1	36.9
Operating Cost	25.6	25.9	148.4	45.0	26.8	16.7	33.8	29.0	25.7	31.4	72.9	76.0	12.6	14.5	7.3	7.9	7.1	7.8	2.5	2.4			31.1	31.6
Development Expense	7.5	7.0	8.0	6.9	6.9	5.9	7.4	6.2	7.2	6.5	-	-	12.7	11.3	-	-	-	-	-	-			6.6	6.1
Sales Expense	10.7	10.5	195.4	79.6	9.3	7.3	-	-	-	-	-	-	-	-	-	-	73.1	139.2	1.7	1.6			6.5	5.8
General Expense	22.0	21.3	271.7	109.0	22.4	21.5	18.5	14.4	16.2	15.4	7.0	7.3	7.2	7.9	17.9	21.7	-	-	-	-			-	-
Net Profit Before Interest Deductions	5.2	5.9	(336.6)	(88.7)	1.6	9.5	(3.0)	9.4	7.1	2.8	20.1	16.7	.5	.3	35.0	27.4	70.9	38.2	31.4	30.7		-	20.9	21.2
Net Profit After Interest Deductions	2.2	2.1	(341.9)	(91.7)	.4	7.6	(1.8)	5.9	5.5	1.1	20.0	16.6	.0	.0	35.0	27.4	(1.1)	(85.3)	59.3	60.6		-	21.2	20.3
																	(1.1)	(85.3)	59.3	60.6		-	15.9	14.9

X-398 47708
P8

Electrical Research Products Inc.
General Accounting Department

B-1.1
SUMMARY OF RESULTS BY CLASSES OF BUSINESS
TWELVE MONTHS 1931
(Expressed in Thousands of Dollars)

Date Issued February 1, 1932

	Motion Picture Fisheries																Radio		Manufacturing Licensees		Deferred Financing		Artcraft		Investments		Total	
	Thomson		Non-Theatrical		Broadcasting & Manufacturing		Recordings		Photophone		Theatre Service		Export		Royalties													
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget												
Gross Operating Revenue	$2,725	$4,000	0	731	$1,050	$885	$500	0	695	$1,050	0	874	$2,000	$5,057	$5,500	$1,305	$1,995	0	0			0	30	0	0	0	0	$12,996	$17,775
Gross Royalties																												
Total Gross Revenue	2,725	4,000	731	1,050	885	500	695	1,050	874	2,000	5,057	5,500	1,305	1,995								30	0	0	0	167	0	0	12,996	17,775
Equipment Cost																												
Operating Cost	1,673	2,500	366	540	85	500	800	1,050	451	2,000	5,057	5,500	1,305	1,995								116	83	57	155	500	350	33	167	10,095	21,510
Telephone Share of Royalties	633	1,114	500	308	70	125	175	250	884	950	3,999	3,995	1,000	177								13		8						3,998	6,776
A. T. & T. Co. Share of Royalties																										1	9	8		5,088	6,194
I.E.E., E.E. & Data Share of Royalties																														551	648
																														779	980
Development	2,306	3,500	866	849	155	309	975	750	655	1,951	3,999	3,995	1,000	1,377	1,411	1,517						13		11	10	1	9	13		10,095	13,501
Bell Interconnection	58	73	15	19	6	8																									
A. T. & T. Equity on Apparatus	16	57	5	16	.1	5	6	17	75	38	33	82	55	69	333	480						44	58							2,707	3,194
Patent Expense									2	81			50	89																64	140
Broadway	16	19	4	5	2	2																									
London									7	8	9	11	58	67	90	166						2	2							715	944
Development Engineering	29	29	7	8	3	3																44								52	72
Commercial Engineering									12	17	17	17	87	88	167	169						3	3							1,388	1,339
Errors in Books	3	9	1	2		1	119	100					3	5												11	11			156	167
Experimental Work and Exhibits	13	16	4	4	1	1			1	4	8	5	9	9	15	33						1								29	180
Total Development Expense	135	203	36	54	12	19	125	117	22	108	67	115	212	277	605	886						104	63							153	180
Total Expense	2,441	3,703	902	903	167	328	1,100	867	677	2,059	4,066	4,110	1,212	1,654	2,016	2,403						117	63	11	10	1	9	13		10,248	13,681
Gross Profit on Current Cost	284	297	(172)	147	718	172	(405)	183	197	(59)	991	1,390	93	341	(596)	(408)						(87)	(63)	(11)	157	(1)	(9)	(13)		2,748	4,094
Other Revenue																														1,010	1,000
Interest	2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1						1	1	1	1	1	1	1		10	10
Dividends															17	17														338	450
Total Gross Income	286	298	(171)	148	719	173	(404)	184	198	(58)	992	1,391	94	342	(578)	(390)						(86)	(62)	(10)	158	0	(8)	(12)		3,106	5,554
General Expense																															
Administration and General Office	436	547	207	207	36	81	87	84	179	163	469	443	200	207	245	308						5	(49)	46	125	805	1,041	10	158	1,915	2,842
Sales																															
Field	175	198	119		13	14																35	89	56	63	899	903	89	75	2,969	3,008
Home Office	87	56	88		8	89					176	197																		680	709
Publicity	11	85	12	80		5		5	58	54	87	35																		208	145
Promotion Expense			145	230			5		1	5	11	35			1	5														36	180
Picture Productions and Private			155	221									46	46																193	378
Total Sales Expense	273	339	553	451	21	48	5	59	59	50	263	267	46	46	1	5														1,106	1,232
Engineering	9	1	1	1		12	191	185	1	1			9	9	10	9														220	157
Charges from Broadway	11	11	38	38	1	1	11	11	7	7	73	82	39	39	13	13						1	1	1	1	31	31			718	733
Total General Expense	681	718	802	726	62	86	211	256	246	228	710	760	334	341	269	332						41	42	103	189	836	1,975	99	115	2,911	3,111
Net Profit Before Reserves and Federal Taxes	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Reserves for Contingencies	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Interest Paid	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Net After Interest	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Federal Taxes	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Foreign Taxes	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Net Profit Before Deallocation of Export Expense	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Export Expense Allocated Against Foreign Dividends	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Cost of Non-Theatrical Films Allocated Against Future Film Sales	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
Final Net Profit	(397)	339	(973)	(577)	56	87	(715)	180	(76)	846	980	1,121	(445)	(317)	633	683						(37)	(85)	(5)	77	630	884	(481)	18	1,907	4,431
% of Total Gross Revenue																															
Equipment Cost	61.4	50.6	54.4	51.8	29.9	30.0	52.7	39.7	39.3	35.0			80.1	75.1																	
Operating Cost	23.2	27.2	68.4	28.1	25.2	77.8	26.5	18.9	25.6	77.6	65.8	64.6	12.9	11.1		1.6						11.5		14.0							
Development Expense	5.0	5.2	4.9	5.3	5.6	6.0	18.8	9.1	6.4	6.1	3.3	1.5	17.5	13.8	39.5	35.6	31.0	84.2	180.3							1.4	19.2				
Sales Expense	7.8	5.4	75.6	36.9	7.5	9.6		.4	6.8	7.5	6.7	6.9	3.5	3.0		.7											33.3	6.6			
General Expense	25.0	15.0	111.1	57.9	21.8	16.8	66.6	28.7	77.3	11.1	14.0	13.5	23.3	15.9	10.6	6.5	7.9	1.8	36.8	59.0	89.5	39.6	44.5	36.5	-	82.6					
Net Profit Before Interest Deductions	(28.6)	1.5	(156.2)	(71.3)	19.0	13.0	(58.2)	5.5	(11.6)	9.4	19.4	19.3	.6	1.1	80.7	80.3	35.9	45.0	(32.5)	(139.3)	(8.8)	54.1	56.0	59.8	-	10.9					
Net Profit After Interest Deductions	(30.1)	.8	(159.1)	(73.2)	19.0	10.9	(54.6)	2.8	(14.5)	7.6	19.1	19.1	.0	.0	80.7	80.3	35.9	45.0	(32.5)	(139.3)	(8.8)	54.1	77.5	32.2	-	10.9					

(1) - Billings to Foreign Subsidiaries Per Tentative A T & T 3-1-32

[fol. 5587] EXTRACTS FROM EXHIBIT X-400

Supplement to City's Exhibits Furnished by Plaintiff

Supplement to City's Exhibit No. 44

Illinois Bell Telephone Company

Distribution of Chicago Gross American Telephone and Telegraph Company Tolls Between Illinois Bell Telephone Company and American Telephone and Telegraph Company—1926 to 1930.

	Chicago gross A. T. & T. Co. tolls (a)	I. B. T. Co.'s proportion* (Originating Comms. and annual charges on plant reserved for long lines purposes) (b)	A. T. & T. Co. Proportion (a)—(b) (c)
1926	$5,854,798.06	$1,436,482.08	$4,418,315.98
1927	6,319,045.97	1,667,786.43	4,651,259.54
1928	7,528,069.63	1,898,268.00	5,629,801.63
1929	9,202,218.47	2,991,800.16	6,210,418.31
1930	9,437,371.25	3,360,166.74	6,077,204.51

*In addition the Illinois Bell Telephone Company was reimbursed for cost of operating the Long Lines equipment, as follows:

	Credited to expense, etc., accounts	Credited to Account 510-message toll revenues	Total
1926	$1,215,758.57	.....	$1,215,758.57
1927	1,415,849.08	.....	1,415,849.08
1928	1,312,375.96	$506,978.29	1,819,354.25
1929	.....	2,423,845.28	2,423,845.28
1930	.....	2,340,183.95	2,340,183.95

[fol. 5588] Supplement to City's Exhibit No. 44.

Illinois Bell Telephone Company

Distribution of Chicago Gross American Telephone and Telegraph Company Tolls Between Illinois Bell Telephone Company and American Telephone and Telegraph Company—Year 1931

Chicago gross A. T. & T. Co. tolls (a)	I. B. T. Co.'s Portion* (Originating Comms. and annual charges on plant reserved for long lines purposes (b)	A. T. & T. Co.'s Portion (a)—(b) (c)
$8,901,998.60	$3,513,558.59	$3,523,995.11

*In addition the Illinois Bell Telephone Company was reimbursed for cost of operating the Long Lines equipment, as follows:

Credited to expense, etc., accounts	Credited to Account 510-message toll revenues	Total
$.....	$1,864,444.90	$1,864,444.90

[fol. 5589] Supplement to City's Exhibit #53

This agreement, made this 10th day of June, 1921, by and between the American Telephone and Telegraph Company, a corporation of the State of New York (hereinafter called the "American Company"), party of the first part, and Illinois Bell Telephone Company, a corporation of the State of Illinois (hereinafter called the "Associated Company"), party of the second part, witnesseth:

Whereas, the American Company has adopted a Plan designated "Employees' Stock Plan—A Plan for Subscription for Stock of the American Telephone and Telegraph Company", dated May 1st, 1921, a copy of which is attached to and made a part hereof, under which its employees and employees of its subsidiaries may subscribe for shares of its capital stock, and the parties hereto desire to encourage and facilitate subscription, as therein provided;

Now, therefore, in consideration of the premises the parties hereto agree as follows:

First. The Associated Company will promptly notify its eligible employees of their rights in the premises and deliver to each such employee a copy of the Plan and a subscription blank, to be furnished by the American Company.

Second. The Associated Company will transmit to the American Company, in accordance with the latter's established routine, the subscription of each such employee which is accepted by its Treasurer acting as the agent of the American Company, and will certify to the facts showing the employee's right to subscribe for the number of shares indicated.

Third. The Associated Company will deduct from the wages of its employees whose subscriptions are accepted the installment payments provided by the Plan and pay to the American Company on or before the 20th of each month such sums and all other sums received by it under the Plan during the preceding month.

Fourth. Upon request of the American Company the As-
[fol. 5590] sociated Company will perform in its territory any other services reasonably necessary to promote the success of the Plan.

Fifth. Neither party hereto shall make any charge to the other for any services performed hereunder.

Sixth. The Associated Company will in cases where it is deemed desirable apply to the American Company for its consent to offer the Plan to companies affiliated with the Associated Company, and, if and when such consent is given and the Plan accepted by such affiliated company, will forward to such company for distribution to its employees copies of the plan and subscription blanks furnished by the American Company; receive from such affiliated company and transmit to the American Company the subscriptions of such employees with proper certification as to the facts showing the employee's right to subscribe for the number of shares indicated on the subscription card; transmit to the American Company for such affiliated company all payments made by its employees under the Plan; arrange for such affiliated company to render the necessary assistance in carrying out the Plan; and the Associated Company will be responsible for the performance by such affiliated company of all its obligations in the premises.

In witness whereof the parties hereto have caused these presents to be signed and their respective corporate seals to be hereto affixed by their respective officers thereunto duly authorized, on the day and in the year first above written.

American Telephone and Telegraph Company, by (Sgd.) W. E. Gifford, Vice-President. Attest: (Sgd.) James Robb, Asst. Secretary. Illinois Bell Telephone Company, by (Sgd.) B. E. Sunny, President. Attest: (Sgd.) E. G. Drews, Secre- [fol. 5591] tary.

* * * * * * *

To the employees:

Under the First Stock Purchase Plan and its Extension, 22,155 employees have become stockholders owning 104,781 shares and under the Second Stock Purchase Plan 41,325 employees are now paying the installments which will entitle them to ownership in 174,500 shares.

As stockholders, you become financially interested in the nation-wide system which is giving telephone service from Maine to California and from Canada to Mexico, to which

service you and your fellow employees are giving your life work. You become partners as well as employees.

Under the former plans, in becoming partners you bought out other partners. By the new plan, authorized by recent legislation, it is now possible for the capital which you furnish to be added to the capital of the company instead of merely replacing the capital of another investor withdrawing from the enterprise. To my mind that adds a new interest. Besides the satisfaction of working to some extent for yourself, with the new plan there is the added satisfaction of helping to provide for the extension of our service. To be a part of the Bell System and to be a part owner, are both things to be proud of.

(Sgd.) H. B. Thayer.

* * * * * * *

[fol. 5592] Employees' Stock Plan

A Plan for Subscriptions for Stock of the American Telephone and Telegraph Company

Any employee who at the time of his subscription has been for six months continuously in the employ of the American Telephone and Telegraph Company (herinafter referred to as the American Company) or any of its associated companies, may, on the first of May, 1921, and on the first day of any month thereafter, subscribe for stock of the American Company upon the following terms:

Section 1. Subscription.—a) The subscription price for such stock shall be $100 per share, until such time hereafter as a higher price shall be fixed by the American Company.

b) The employee shall exercise his right to subscribe by signing a subscription agreement in the form enclosed herewith and filing it with his immediate superior officer, on or before May 31, 1921, on the last day of any subsequent month in which he exercises such right.

c) The total subscription upon which any employee is paying at any one time shall not exceed a number of shares equal to one share of stock for each $300, or fraction thereof, of his then annual rate of pay, nor shall any employee subscribe for more than fifty shares in any one year.

Any employee may subscribe for less than the maximum number of shares to which he is entitled.

Section 2. Payments.—a) The subscription payments for the stock will be made by deductions from the employee's wages at the rate of $3.00 per share per month, such deductions to begin in July, 1921, for subscriptions [fol. 5593] during May, 1921. For subscriptions made in subsequent months the deductions from employee's wages will begin in the second month following that in which subscription was made.

For employees paid semi-monthly, $1.50 per share will be deducted semi-monthly; for employees paid weekly, 75 cents per share will be deducted for each of the first four weekly payroll periods ending in the calendar month. Receipts will be given employees for deductions.

b) Interest at the rate of 8% compounded quarterly will be allowed and credited to the employee's account on all amounts deducted from employee's wages from the dates of the respective credits until the date when dividends will begin to accrue upon the stock when issued after the subscription is fully paid.

c) At any time after 6 months from the date of the initial deduction under a subscription for stock under this plan any employee may pay the balance then unpaid on account of all or any of the shares of stock under such subscription and receive the certificate of stock to which he then becomes entitled.

d) Stock subscribed for under this Plan does not participate in any rights to subscribe for new stock issued by the American Company and offered to all shareholders, until payments are made in full and a certificate issued therefor.

Section 3. Stock Issued to Subscriber.—When stock is fully paid the American Company will issue or cause to be transferred to the subscriber certificates therefor. If installments are paid regularly as provided for herein, stock will be fully paid for in the 30th month after the month in which initial installment is paid.

Section 4. Subscription Agreement not Transferable.—Until stock is fully paid for, no employee shall pledge or in any manner alienate his rights under any subscription

agreement under this Plan. A violation of this provision shall constitute a withdrawal by the employee from such subscription agreement and the only right of the employee or his assignee shall be to have the American Company pay to the employee, or to the person entitled, the total amount withheld from his wages on account of the purchase price of the stock in question, together with interest thereon at 4% per annum, compounded quarterly, and such payment shall operate as a cancellation and satisfaction of all rights under the subscription agreement involved.

[fol. 5594] Section 5. Termination of Subscription Agreements and Suspension of Payments

a) Termination of Service by Death.—In case an employee's service terminates by death before his stock is fully paid for, his subscription agreement or agreements will be cancelled and his estate will be entitled to receive the net amount accumulated on his subscriptions as a result of deductions from wages with interest at 8% compounded quarterly.

b) Termination of Service Otherwise than by Death.—In case an employee's service terminates for any cause other than by death before his stock is fully paid for, his subscription agreement or agreements will be cancelled and he will be entitled to receive the total amount withheld from his wages, with interest thereon at 6% per annum, compounded quarterly.

c) Temporary Absence.—Any employee, whose name is taken off the regular payroll by reason of leave of absence, temporary lay-off on account of reduction in force, or transfer to a disability payroll, may, at his option, (a) cancel any or all of his subscription agreements and in respect of any subscription so cancelled receive the amount to which he would be entitled if his service were permanently terminated otherwise than by death, or (b) make the required periodical payments on his subscription or subscriptions directly to the Treasurer of the company by which he is employed, or (c) suspend payments for the period his name is off the regular payroll, not exceeding three months, the deferred payments to be made up by uniform deductions from his pay during the following six months. In

case an employee acting under option (b) or (c) in respect of any or all of his subscriptions fails to make payments as provided, his subscription agreement or agreements shall be cancelled and he will be entitled to receive the amount to which he would be entitled upon permanent termination of his service otherwise than by death.

d) Right to Withdraw from Plan.—Any employee continuing in the service may, at any time, withdraw from any or all of his subscription or purchase agreements as to any or all of the shares covered thereby upon filing an application therefor with his immediate superior for transmission to the Treasurer of the company by which he is employed. Upon the receipt of such application by the Treasurer, the employee will be entitled to receive the total amount withheld from his wages, as to each share in respect to which such withdrawal is requested, with interest thereon at 6% per annum, compounded quarterly, and his subscription [fol. 5595] agreements or agreements will be cancelled as to such share or shares.

e) Determination of Questions Arising under Plan.—Questions arising under this Plan as to term of employment, rate of pay, leave of absence and temporary lay-off, will be determined in accordance with the rules established under the Plan for Employees' Pensions, Disability Benefits and Death Benefits of the Company.

Section 6. Pensioners.—Employees who are pensioners are not entitled to subscribe under this Plan. Where an employee becomes a pensioner on or after the date of his subscription and prior to the date of the first deduction to be made from his pay, his subscription shall automatically be cancelled; but any employee who becomes a pensioner after payments have been made upon his subscription may elect to continue payments on stock for which he has previously subscribed and upon making such payments shall become entitled to receive a certificate therefor when fully paid, or to cancel his subscription agreement or agreements and receive the amount to which he would be entitled as an employee permanently terminating his service otherwise than by death.

Section 7. Changes in Plan.—The American Company reserves the right from time to time to change the terms

upon which stock is offered to employees for subscription under this Plan, but such changes shall not affect the rights of employees under subscriptions theretofore made by them and accepted by the American Company.

Section 8.—This offer may be withdrawn by the American Company at any time without notice other than a refusal to accept further new subscriptions hereunder.

H. B. Thayer, President.

No employee is under any obligation to purchase stock. The present standing and future prospects of an employee will not be affected in the least degree by his decision as to the purchase of stock.

* * * * * * *

[fol. 5596] Supplemental to City's Exhibit No. 54

Illinois Bell Telephone Company

Payments Made to American Telephone and Telegraph Company Covering Collections under the Employees' Stock Plan

Year 1926	$1,154,086.16
1927	1,478,347.67
1928	1,803,449.85
1929	2,692,885.17
1930	3,377,477.87

Supplemental to City's Exhibit No. 54

Illinois Bell Telephone Company

Payments Made to American Telephone and Telegraph Company Covering Collections under the Employees' Stock Plan

Year 1931	$2,243,365.23

[fol. 5597]

Supplemental to City's Exhibit No. 57

Nov. 11, 1931

Illinois Bell Telephone Company

Purchases from Western Electric Company

	Gross Purchases		Returned Material		Net	
Year	Chicago *	Entire Co.	Chicago *	Entire Co.	Chicago *	Entire Co.
1902	.....	$1,429,440.27	.....	$102,932.35	.....	$1,326,507.92
1903	.....	1,193,974.16	.....	52,789.54	.....	1,141,184.62
1904	.....	846,182.57	.....	166,499.74	.....	679,682.83
1905	.....	1,810,282.64	.....	472,714.46	.....	1,337,568.18
1906	.....	3,438,058.27	.....	677,198.85	.....	2,760,859.42
1907	.....	4,384,324.92	.....	899,295.67	.....	3,485,029.25
1908	$2,510,365.97	2,873,515.15	$872,743.51	936,020.10	$1,637,622.46	1,937,495.05
1909	2,553,944.59	3,011,369.19	766,292.07	852,574.46	1,787,652.52	2,158,794.73
1910	3,103,583.54	3,552,389.33	800,614.14	895,031.83	2,302,969.40	2,657,357.50
1911	3,645,312.91	4,114,227.35	745,664.38	864,903.84	2,899,648.53	3,249,323.51
1912	3,895,234.03	4,347,914.06	1,068,208.63	1,200,997.26	2,827,025.40	3,146,916.80
1913	5,743,307.14	6,304,314.69	1,408,019.19	1,527,982.77	4,335,287.95	4,776,331.92
1914	6,499,647.50	7,244,944.03	1,350,479.28	1,527,485.46	5,149,168.22	5,717,458.57
1915	4,215,370.27	4,816,883.92	1,181,616.79	1,318,313.81	3,033,753.48	3,498,570.11
1916	4,753,514.33	6,054,250.85	1,406,511.33	1,563,435.78	3,347,003.00	4,490,815.07
1917	7,034,462.24	8,851,554.70	2,196,009.89	2,421,540.16	4,838,452.35	6,430,014.54
1918	3,576,308.48	4,206,024.44	1,194,467.74	1,373,526.93	2,381,840.74	2,832,497.51
1919	4,707,201.48	5,489,666.87	1,125,969.41	1,272,454.82	3,581,232.07	4,217,212.05
1920	5,683,628.43	6,936,202.22	1,210,503.36	1,398,758.41	4,473,125.07	5,537,443.81
1921	10,406,202.12	12,642,958.74	1,822,722.07	2,153,680.68	8,583,480.05	10,489,278.06
1922	9,746,191.06	13,474,656.88	2,064,530.69	2,506,755.87	7,681,660.37	10,967,901.01
1923	10,608,690.11	13,638,227.04	2,834,617.38	3,266,000.66	7,174,072.73	10,372,226.38
1924	12,419,370.90	16,691,605.26	2,433,883.36	2,922,121.25	9,985,487.54	13,769,484.01
1925	16,031,817.61	22,023,624.24	3,111,883.89	3,827,577.08	12,919,933.72	18,196,047.16
1926	16,321,383.71	21,831,722.21	3,393,450.77	4,061,294.02	12,927,932.94	17,770,428.19
1927	20,094,086.34	26,437,262.69	4,152,830.96	4,972,918.55	15,941,255.38	21,464,344.14
1928	18,410,851.49	27,096,543.61	5,822,855.56	6,673,454.69	12,587,995.93	20,423,088.92
1929	20,706,494.38	29,193,070.95	6,224,049.51	7,428,375.32	14,482,444.87	21,764,695.63
1930	21,005,303.63	30,960,938.90	6,199,062.24	7,547,773.37	14,806,241.39	23,413,165.53

* Separation not available prior to 1908. The amounts shown for 1908 and subsequent years include certain purchases such as house service supplies made by Chicago Area used partly for State Area and do not include items purchased by State Area used partly for Chicago Area.

4779

[fol. 5598]

Supplement to City's Exhibit No. 57

Illinois Bell Telephone Company

Purchases from Western Electric Company

	Gross Purchases		Returned Material		Net	
	Chicago*	Entire Co.	Chicago*	Entire Co.	Chicago*	Entire Co.
Year 1931	$12,471,279.34	$16,795,928.54	$6,008,224.10	$7,019,542.32	$6,463,055.24	$9,776,386.22

* These amounts include certain purchases such as house service supplies made by Chicago Area used partly for State Area and do not include items purchased by State Area used partly for Chicago Area.

[fol. 5599]

EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances from American Telephone and Telegraph Company During Years 1926 to 1930

Date	Amount	Interest Rate	Payments		Balance at End of Month
			Date	Amount	
Balance			12/31/25		$3,000,000.00
3/10/26	$1,500,000.00	6% less 2%	1/21/26	$1,000,000.00	2,000,000.00
3/31/26	3,000,000.00	"			3,500,000.00
6/ 1/26	500,000.00	"			6,500,000.00
6/30/26					7,000,000.00
7/ 1/26	1,000,000.00	"	6/ 9/26	250,688.19	6,749,311.81
9/30/26	1,500,000.00	"			7,749,311.81
10/ 1/26	1,000,000.00	"			9,249,311.81
12/ 1/26	1,500,000.00	"			10,249,311.81
12/ 9/26	1,000,000.00	"	10/20/26	749,311.81	11,749,311.81
12/18/26	300,000.00	"			11,000,000.00
12/31/26	700,000.00	"			12,000,000.00
	1,500,000.00	"	12/23/26	700,000.00	12,300,000.00
3/31/27	1,200,000.00	"	1/ 7/27	500,000.00	13,000,000.00
			1/15/27	13,300,000.00	12,300,000.00
5/ 2/27	500,000.00	"			13,800,000.00
6/ 1/27	1,000,000.00	"	4/20/27	1,000,000.00	13,300,000.00
6/13/27	750,000.00	"			0
			5/21/27	500,000.00	1,200,000.00
1/11/28	600,000.00	"			200,000.00
2/29/28	300,000.00	"			700,000.00
3/31/28	1,200,000.00	"			200,000.00
4/ 3/28	1,000,000.00	"			1,200,000.00
4/18/28	1,000,000.00	"	6/30/27	1,950,000.00	1,950,000.00
5/ 1/28	500,000.00	"	1/11/28	315,631.74	0
					284,368.26
					584,368.26
					1,784,368.26
					2,784,368.26
					3,784,368.26
					4,284,368.26

EXHIBIT X-400—Continued

Date	Amount	Interest Rate	Payments		Balance at End of Month
			Date	Amount	
6/ 1/28	800,000.00	"	5/16/28	200,000.00	4,084,368.26
6/11/28	200,000.00	"	.....	.....	4,884,368.26
6/30/28	1,900,000.00	"	.....	.....	5,084,368.26
7/11/28	350,000.00	"	.....	.....	6,984,368.26
			.....	.....	7,334,368.26
-/22/28	250,000.00	"	7/26/28	500,000.00	6,834,368.26
8/29/28	250,000.00	"	.....	.....	7,084,368.26
9/11/28	300,000.00	"	.....	.....	7,334,368.26
9/29/28	1,900,000.00	"	.....	.....	7,634,368.26
10/ 1/28	150,000.00	"	.....	.....	9,534,368.26
			.....	.....	9,684,368.26
12/ 1/28	1,600,000.00	"	10/20/28	700,000.00	8,984,368.26
[fol. 5600]			.....	.....	10,584,368.26
12/31/28	2,200,000.00	"	12/19/28	384,368.26	10,200,000.00
1/24/29	1,250,000.00	"	.....	.....	12,400,000.00
			.....	.....	13,650,000.00
2/27/29	500,000.00	"	2/ 1/29	500,000.00	13,150,000.00
3/11/29	500,000.00	"	.....	.....	13,650,000.00
3/30/29	1,800,000.00	"	.....	.....	14,150,000.00
4/30/29	600,000.00	"	.....	.....	15,950,000.00
6/ 1/29	1,200,000.00	"	.....	.....	16,550,000.00
6/11/29	250,000.00	"	.....	.....	17,750,000.00
6/29/29	2,000,000.00	"	.....	.....	18,000,000.00
			.....	.....	20,000,000.00
7/11/29	250,000.00	"	7/1 /29	19,849,900.00	150,100.00
			.....	.....	400,100.00
9/30/29	1,300,000.00	"	8/ 1/29	400,100.00	0
			.....	.....	1,300,000.00
			10/18/29	500,000.00	800,000.00
			10/30/29	300,000.00	500,000.00
			11/14/29	500,000.00	0
12/ 2/29	300,000.00	"	.....	.....	300,000.00
12/31/29	1,900,000.00	"	.....	.....	2,200,000.00
			1/ 2/30	2,200,000.00	0

Supplemental to City's Exhibit No. 76
Illinois Bell Telephone Company
Advances from American Telephone and Telegraph Company, Year 1931

None

EXHIBIT X-400—Continued

[fol. 5601]

Date	Name of Company	Amount	Interest Rate	Payments Date	Payments Amount	Balance at enp of Month
8/11/28	Bell Realty Trust	$80,000.00	6% less 2%			$80,000.00
9/29/28	"	20,000.00	"			100,000.00
12/ 1/28	"	50,000.00	"			150,000.00
				12/29/28	$35,000.00	115,000.00
2/27/29	"	25,000.00	"			140,000.00
4/11/29	"	25,000.00	"			165,000.00
6/29/29	"	25,000.00	"			190,000.00
7/18/29	"	15,000.00	"			205,000.00
8/30/29	"	20,000.00	"			225,000.00
10/21/29	"	20,000.00	"			245,000.00
11/13/29	"	10,000.00	"			255,000.00
12/ 3/29	"	15,000.00	"			270,000.00
1/10/30	"	10,000.00	"			280,000.00
2/10/30	"	15,000.00	"			295,000.00
3/10/30	"	15,000.00	"			310,000.00
4/10/30	"	10,000.00	"			320,000.00
5/10/30	"	15,000.00	"			335,000.00
7/10/30	"	10,000.00	"			345,000.00
7/25/30	"	15,000.00	"			360,000.00
8/ 9/30	"	15,000.00	"			375,000.00
8/29/30	"	15,000.00	"			390,000.00
10/10/30	"	15,000.00	"			405,000.00
11/10/30	"	15,000.00	"			420,000.00
12/10/30	"	15,000.00	"			435,000.00

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances from Associated and Subsidiary Companies, Year 1931

Date	Name of Company	Amount	Interest Rate	Payments Date	Payments Amount	Balance at end of Month
12/31/30, Balance						
1/10/31	Bell Realty Trust	$10,000.00	6% less 2%			$435,000.00
2/10/31	"	15,000.00	"			445,000.00
3/10/31	"	10,000.00	"			460,000.00
5/ 9/31	"	10,000.00	"			470,000.00
6/10/31	"	20,000.00	"			480,000.00
						500,000.00

[fol. 5602] EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances from Western Electric Company, Inc., Years 1926 to 1930

None

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances from Western Electric Company, Inc., Year 1931

None

[fol. 5603]

EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to American Telephone and Telegraph Company, Years 1926 to 1930

Date	Amount	Interest Rate	Payments		Balance at end of Month
			Date	Amount	
1/15/27	$1,552,700.00	6% less 2%			$1,552,700.00
			3/ 3/27	$552,700.00	1,000,000.00
6/30/27	3,500,000.00	"	3/31/27	1,000,000.00	0
					3,500,000.00
9/30/27	5,250,000.00		8/11/27	500,000.00	3,000,000.00
					8,250,000.00
			12/ 1/27	500,000.00	7,750,00.000
12/31/27	738,514.95	"	12/22/27	750,000.00	7,000,000.00
			12/31/27	7,422,883.21	315,631.74
8/26/29	1,000,000.00	"	1/11/28	315,631.74	0
					1,000,000.00
1/ 2/30	7,725,825.00	"	9/30/29	1,000,000.00	0
1/15/30	500,000.00	"			7,725,825.00
1/28/30	1,200,000.00	"			8,225,825.00
2/14/30	1,300,000.00	"			9,425,825.00
					10,725,825.00
			2/28/30	500,000.00	10,225,825.00
			3/ 1/30	500,000.00	9,725,825.00
			3/11/30	500,000.00	9,225,825.00

			3/31/30	400,000.00	8,825,825.00
			5/ 7/30	1,700,000.00	7,125,825.00
			5/ 2/30	800,000.00	6,325,825.00
			6/ 2/30	800,000.00	5,525,825.00
			6/11/30	500,000.00	5,025,825.00
7/ 1/30	7,946,360.00	"	6/30/30	2,700,000.00	2,325,825.00
.....	.....	.....	.....	.....	10,272,185.00
8/12/30	2,000,000.00	"	7/11/30	350,000.00	9,922,185.00
8/25/30	1,150,000.00	"	.....	.....	11,922,185.00
.....	.....	.....	.....	.....	13,072,185.00
10/20/30	700,000.00	"	9/30/30	2,300,000.00	10,772,185.00
11/ 7/30	500,000.00	"	.....	.....	11,472,185.00
			.....	.....	11,972,185.00
			12/ 1/30	500,000.00	11,472,185.00
			12/31/30	2,300,000.00	9,172,185.00

[fol. 5604]

EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to American Telephone and Telegraph Company, Year 1931

Date	Amount	Interest Rate	Payments		Balance at End of Month
	Balance		Date	Amount	
12/31/30					$9,172,185.00
1/15/31	$1,500,000.00	6% less 2%			10,672,185.00
1/28/31	1,100,000.00	"			11,772,185.00
2/11/31	400,000.00	"			12,172,185.00
2/16/31	1,000,000.00	"			13,172,185.00
2/21/31	200,000.00	"			13,372,185.00
3/10/31	500,000.00	"			13,872,185.00
3/16/31	600,000.00	"			14,472,185.00
3/19/31	600,000.00	"			15,072,185.00
			3/31/31	2,800,000	12,272,185.00
			4/ 9/31	2,000,000	10,272,185.00
			4/15/31	1,000,000	9,272,185.00
4/20/31	300,000.00	"			9,572,185.00
4/25/31	300,000.00	"			9,872,185.00
5/12/31	500,000.00	"			10,372,185.00
5/15/31	600,000.00	"			10,972,185.00
5/19/31	500,000.00	"			11,472,185.00
			6/ 1/31	800,000	10,672,185.00
6/12/31	500,000.00	"			11,172,185.00
			6/19/31	800,000	10,372,185.00
			6/30/31	2,700,000	7,672,185.00
			8/ 6/31	2,300,000	5,372,185.00
8/11/31	800,000.00	"			6,172,185.00
8/13/31	500,000.00	"			6,672,185.00
8/17/31	500,000.00	"			7,172,185.00
8/19/31	300,000.00	"			7,472,185.00

9/11/31	600,000.00	"			8,072,185.00
9/18/31	700,000.00	"			8,772,185.00
			9/30/31	2,100,000	6,672,185.00
10/10/31	700,000.00	"			7,372,185.00
10/15/31	400,000.00	"			7,772,185.00
10/20/31	600,000.00	"			8,372,185.00
10/24/31	400,000.00	"			8,772,185.00
10/28/31	400,000.00	"			9,172,185.00
11/16/31	500,000.00	"			9,672,185.00
11/20/31	600,000.00	"			10,272,185.00
			12/ 1/31	1,000,000	9,272,185.00
			12/10/31	600,000	8,672,185.00
12/19/31	600,000.00	"			9,272,185.00
			12/31/31	2,500,000	6,772,185.00

[fol. 5605]

EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to Associated and Subsidiary Telephone Companies, Years 1926 to 1930

Date	Name of Telephone Company	Amount	Interest Rate	Payments Date	Payments Amount	Balance at end of month
1/3/28	Crown Point Telephone Co.	$1,950.00	6%	10/31/30	$1,950.00	0
1/7/29	Crown Point Telephone Co.	55,664.67	6%	10/31/30	55,664.67	0

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to Associated and Subsidiary Telephone Companies, Year 1931

None

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to Western Electric Company, Inc., Year 1931

None

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company

Advances to Western Electric Company, Inc., Years 1926 to 1930

None

[fol. 5606]

EXHIBIT X-400

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company Loans from Banks, Years 1926-30

Date	Name of Bank	Amount	Interest Rate	Payments	Balance at end of Month
12/30/27.....	Bankers Trust Co.	$738,514.95	5½%	....	$738,514.95
6/30/28.....	"	429,191.48	"	....	1,167,706.43
9/29/28.....	"	3,449,522.75	"	....	4,617,229.18
12/31/28.....	"	601,007.45	"	....	5,218,236.63
6/29/29.....	"	623,050.12	"	....	5,841,286.75
12/31/29.....	"	658,253.14	"	....	6,499,539.89
6/30/30.....	"	701,605.39	"	....	7,201,145.28
12/31/30.....	"	689,058.08	"	....	7,890,203.36

NOTE.—All of the above represent notes given for amounts borrowed from the Pension Fund established by the Illinois Bell Telephone Company which fund is held by the Bankers Trust Company as Trustee.

Supplemental to City's Exhibit No. 76

Illinois Bell Telephone Company Loans from Banks, Year 1931

Date	Name of Bank	Amount	Interest Rate	Payments	Balance at end of Month
12/31/30.....	Balance	.....	....	....	$7,890,203.36
6/30/31.....	Bankers Trust Co.	$716,283.34	5½%	....	8,606,486.70
12/31/31.....	"	704,418.63	"	....	9,310,905.33

NOTE.—All of the above represent notes given for amounts borrowed from the Pension Fund established by the Illinois Bell Telephone Company which fund is held by the Bankers Trust Company as Trustee.

[fol. 5607]

Supplemental to City's Exhibit No. 80

Illinois Bell Telephone Company

Balance Sheets, Years 1926 to 1930

Assets	1926	1927	1928	1929	1930
Intangible Capital	$3,977.89	$3,977.89	$3,977.89	$3,977.89	$3,977.89
Right of Way	763,827.17	830,397.28	943,539.77	1,072,365.98	1,184,459.35
Land and Buildings	16,575,397.02	17,473,055.91	18,994,947.44	20,390,981.90	22,824,194.83
Central Office Equipment	53,073,641.70	57,858,630.10	66,568,999.99	72,263,839.78	76,784,166.48
Station Equipment	34,852,201.46	41,456,405.31	44,993,153.51	48,117,542.53	49,317,717.40
Exchange Lines	75,873,888.45	83,753,043.40	90,355,248.98	96,795,844.79	102,112,438.15
Toll Lines	15,893,868.86	17,181,722.19	18,977,469.39	21,626,483.91	24,135,724.14
Other Plant	1,275,417.15	1,418,016.39	1,708,839.35	2,004,199.29	2,169,828.75
General Equipment	3,300,558.79	3,708,295.16	4,105,787.69	4,310,577.74	4,415,715.92
Total Fixed Capital	201,612,778.49	223,683,543.63	246,651,964.01	266,585,813.81	282,948,222.91
Construction Work in Progress	1,419,118.27	5,754,088.97	4,430,178.84	3,025,404.33	5,436,845.42
Investment Securities	931,600.00	946,600.00	1,839,067.62	2,632,495.62	2,759,195.62
Adv. to System Corps. for Constr., Etc.				55,664.67	
Miscellaneous Investments	40,129.12	73,872.19	142,673.19	229,500.27	295,335.92
Total Perm. and Long Term Investments	204,003,625.88	230,458,104.79	253,063,883.66	272,528,878.70	291,439,599.92
Cash and Deposits	1,224,623.46	1,276,301.35	1,193,023.55	1,061,805.46	1,331,548.72
Marketable Securities	23,035.82	15,456.71	22,273.09	23,937.05	30,074.91
Bills Receivable	818.79	53,348.72	11,356.06	13,843.46	3,039.99
Accounts Receivable	6,686,557.10	7,514,368.79	7,392,568.24	8,634,857.67	17,479,470.77
Materials and Supplies	954,626.53	822,066.99	903,467.81	1,749,527.57	885,021.34
Total Working Assets	8,889,661.70	9,681,542.56	9,522,688.75	11,483,971.21	19,729,155.73
Accrued Income Not Due	7,059.05	10,299.34	6,459.05	10,021.42	18,810.68
Sinking Fund Assets	250,000.00	250,000.00	250,000.00	250,000.00	250,000.00
Prepayments	716,927.29	755,592.27	785,280.04	782,524.05	834,206.51
Unamortized Debt Discount and Expense	3,637,837.09	3,514,171.21	3,390,505.33	3,266,839.45	3,143,173.57
Other Deferred Debits	358,144.26	138,160.10	328,270.84	3,240,617.81	2,766,216.84
Total Deferred Debit Items	4,962,908.64	4,657,923.58	4,754,056.21	7,539,981.31	6,993,596.92
Total Assets	$217,863,255.27	$244,807,870.27	$267,347,087.67	$291,562,852.64	$318,181,163.25

[fol. 5608]

Supplemental to City's Exhibit No. 80

Illinois Bell Telephone Company

Balance Sheets, Years 1926 to 1930

Liabilities	1926	1927	1928	1929	1930
Capital Stock, Common	$80,000,000.00	$110,000,000.00	$110,000,000.00	$110,000,000.00	$150,000,000.00
Capital Stock Installments				20,033,500.00	
Total Capital Stock	80,000,000.00	110,000,000.00	110,000,000.00	130,033,500.00	150,000,000.00
Premiums on Capital Stock	3,433.25	4,168.25	4,168.25	4,168.25	4,168.25
Funded Debt	49,137,400.00	49,139,400.00	49,101,900.00	48,976,200.00	48,976,200.00
Adv. From System Corps. For Constr., Etc.	13,800,000.00		12,400,000.00	2,200,000.00	
Total Long Term Debt	62,937,400.00	49,139,400.00	61,501,900.00	51,176,200.00	48,976,200.00
Bills Payable		745,387.10	5,333,236.63	6,769,539.89	8,325,203.36
Accounts Payable	5,099,959.03	7,425,299.99	6,474,574.74	6,631,168.52	5,628,989.61
Total Working Liabilities	5,099,959.03	8,170,687.09	11,807,811.37	13,400,708.41	13,954,192.97
Accrued Liabilities Not Due	6,426,826.57	6,998,870.23	8,205,273.69	15,721,466.35	18,261,175.61
Unextinguished Premium on Debt					
Insurance and Casualty Reserves					
Liability on Account of Provident Funds	3,500,000.00	3,465,847.01	2,955.28	1,165.07	1,150.00
Other Deferred Credit Items	53,775.47	66,794.81	195,284.87	62,728.26	109,872.65
Total Deferred Credit Items	3,553,775.47	3,532,641.82	198,240.15	63,893.33	111,022.65
Reserve for Accrued Depreciation	49,175,385.93	53,740,621.08	59,224,823.84	60,524,704.11	63,677,730.15
Reserve for Amort. of Intangible Capital	216,036.04	241,669.50	254,216.61	274,086.36	289,018.77
Total Fixed Capital Reserves	49,391,421.97	53,982,290.58	59,479,040.45	60,798,790.47	63,966,748.92
Undivided Profits		2,206,893.00	2,986,649.46	4,275,212.11	2,571,590.09
Appropriated Surplus	5,686,948.82	7,480,867.19	9,293,613.64	11,046,496.04	12,625,953.00
Corporate Surplus Unappropriated	4,763,490.16	3,292,052.11	3,870,390.66	5,042,417.68	7,710,111.76
Total Surplus and Undivided Profits	10,450,438.98	12,979,812.30	16,150,653.76	20,364,125.83	22,907,654.85
Total Liabilities	$217,863,255.27	$244,807,870.27	$267,347,087.67	$291,562,852.64	$318,181,163.25

[fol. 5609]

Supplemental to City's Exhibit No. 80

Illinois Bell Telephone Company

Balance Sheet, December 31, 1931

Asset		Liabilities	
Intangible Capital	$3,977.89	Capital Stock, Common	$150,000,000.00
Right of Way	1,292,348.00	Capital Stock Installments	.....
Land and Buildings	23,434,195.49	Total Capital Stock	$150,000,000.00
Central Office Equipment	80,463,721.60		
Station Equipment	49,305,480.46	Premiums on Capital Stock	4,168.25
Exchange Lines	104,567,303.41		
Toll Lines	25,025,994.49		
Other Plant	2,323,147.82	Funded Debt	48,825,600.00
General Equipment	4,182,496.74	Adv. From System Corps. For Constr., Etc.	.....
Total Fixed Capital	290,598,665.90	Total Long Term Debt	48,825,600.00
Construction Work in Progress	664,891.89	Bills Payable	9,810,905.33
Investment Securities	2,848,910.62	Accounts Payable	5,031,355.02
Adv. to System Corps for Constr., Etc.	.....		
Miscellaneous Investments	409,544.53	Total Working Liabilities	14,842,260.35
Total Perm. and Long Term Investments	294,522,012.94	Accrued Liabilities Not Due	15,261,626.48
		Unextinguished Premium on Debt	.....

Cash and Deposits	962,608.92	Insurance Premium on Debt	
Marketable Securities	3,089,423.93	Insurance and Casualty Reserves	
Bills Receivable	3,679.71		
Accounts Receivable	15,365,971.32	Liability on Account of Provident Funds	5,430.00
Materials and Supplies	962,341.74	Other Deferred Credit Items	99,143.58
Total Working Assets	20,384,025.62	Total Deferred Credit Items	104,573.58
Accrued Income Not Due	150,466.89	Reserve for Accrued Depreciation	68,942,377.45
Sinking Fund Assets	93,225.98	Reserve for Amort. of Intangible Capital	300,289.13
Prepayments	739,056.51	Total Fixed Capital Reserves	69,242,666.58
Unamortized Debt Discount and Expense	3,010,070.61	Undivided Profits	816,906.81
Other Deferred Debits	3,149,417.90	Appropriated Surplus	13,997,877.38
Total Deferred Debit Items	6,991,771.00	Corporate Surplus Unappropriated	8,952,597.02
		Total Surplus and Undivided Profits	23,767,381.21
Total Assets	$322,048,276.45	Total Liabilities	$322,048,276.45

[fol. 5610] EXHIBIT X-400

Supplemental to City's Exhibit No. 81

Illinois Bell Telephone Company Dividends, 1926 to 1930

	Cash	Stock	Total
Year 1926	$6,400,000	$.....	$6,400,000
1927	7,000,000	.....	7,000,000
1928	8,800,000	.....	8,800,000
1929	8,800,000	.....	8,800,000
1930	10,400,000	.....	10,400,000

Supplemental to City's Exhibit No. 81

Illinois Bell Telephone Company Dividends, 1931

Cash	Stock	Total
$12,000,000	.....	$12,000,000

Supplemental to City's Exhibit No. 82

Illinois Bell Telephone Company, Entire Company

Net Earnings Available for Interest and Dividends

Year 1926	$11,919,892.32
1927	12,877,837.27
1928	14,840,766.06
1929	17,370,610.45
1930	17,365,972.37

[fol. 5611] EXHIBIT X-400

Supplemental to City's Exhibit No. 82

Illinois Bell Telephone Company, Entire Company

Net Earnings Available for Interest and Dividends

Year 1931 ..... $16,153,652.15

Supplemental to City's Exhibit No. 117

Illinois Bell Telephone Company, Chicago Exchange

Amount of Billing to the American Telephone and Telegraph Company for Operating the Toll Properties Devoted to Long Lines Service in Chicago, 1926 to 1930

Year	Amount
1926	$1,449,575.03
1927	1,696,846.94
1928	2,189,245.51
1929	2,902,641.34
1930	2,797,755.82

The above billing includes the following items incurred in connection with A. T. & T. Company leased line, special contract and telephotographic services, as well as the handling of A. T. & T. Company toll messages:

(a) Wages of toll operators;
(b) Operating clerical wages;
(c) Rest and Lunch Room expenses;
(d) Operators training expense;
(e) Direct supervision;
(f) Stationery and other central office supplies;
(g) Power used in transmitting Long Lines messages;
(h) Benefit payments to employees engaged on Long Lines traffic;
(i) Heat, light and janitor service in quarters used for Long Lines purposes;
(j) Other miscellaneous expenses;
(k) 10% administration charge computed on total of above items.

In addition, the billing up to March 1, 1929, includes the annual charges on building space used for Long Lines purposes in the Main Group Buildings. Such annual charges for the subsequent period are included in the billing covering annual charges on plant reserved for Long Lines purposes.

[fol. 5612]

EXHIBIT X-400

Supplemental to City's Exhibit No. 117

Illinois Bell Telephone Company, Chicago Exchange

Amount of Billing to the American Telephone and Telegraph Company for Operating the Toll Properties Devoted to Long Lines Service in Chicago

Year	Amount
1931	$2,277,702.39

City's Exhibit 142 (Revised to Include 1929, 1930 and 1931)

American Telephone and Telegraph Company

Average Loans to Each Licensee Company (Dividing the Sum of the Loans Outstanding on the First Day of January, April, July and October by 4) were:

	1929	1930	1931
New England Tel. & Tel. Co.	$8,462,500.00	$11,200,000.00	$14,675,000.00
Southern New England Tel. Co.	4,900,000.00	6,879,300.00	3,487,500.00
New York Tel. Co.	22,675,000.00	46,750,000.00	38,687,500.00
New Jersey Bell Tel. Co.	17,897,103.42	31,022,103.42	36,998,551.72
Bell Tel. Co. of Penna. and two Associated Cos.	9,075,000.00	13,852,500.00	12,496,250.00
Ches. and Pot. Tel. Cos.	12,448,263.31	19,610,763.31	13,873,709.36
Southern Bell Tel. & Tel. Co.	26,435,675.41	362,500.00	1,550,000.00
Cumberland Tel. & Tel. Co.			
Ohio Bell Tel. Co.	3,506,708.69	9,275,000.00	23,632,671.25
Cinn. and Subn. Bell Tel. Co.	0	0	0
Michigan Bell Tel. Co.	37,854,885.95	34,596,846.49	40,215,000.00
Indiana Bell Tel. Co.	3,500,000.00	5,381,239.93	5,175,611.50
Wisconsin Tel. Co.	656,250.00	7,150,000.00	4,225,000.00
Illinois Bell Tel. Co.	12,412,500.00	550,000.00	0
Northwestern Bell Tel. Co.	3,175,000.00	21,577,390.00	28,277,738.50
Southwestern Bell Tel. Co.	5,375,000.00	10,525,000.00	3,935,000.00
Mountain States Tel. & Tel. Co.	13,887,500.00	12,325,000.00	11,275,000.00
Pacific Tel. and Tel. Co. and 3 Associated Cos.	63,526,880.48	36,626,630.48	23,824,000.00
Total	$245,788,267.26	$267,684,273.63	262,318,532.33

[fol. 5613]

EXHIBIT X-400

City's Exhibit 142-A (Revised to Include 1929, 1930, and 1931)

American Telephone and Telegraph Company

Amounts Received from All Associated Bell Companies for License Payments During the Years 1918-1928 Were as Follows (a):

	1929	1930	1931
New England Tel. & Tel. Co.	$1,080,838.98	$1,106,009.28	$1,106,937.03
Southern New England Tel. Co.	242,848.99	254,124.63	253,027.87
New York Telephone Company	2,937,169.35	3,151,726.53	3,104,455.36
New Jersey Bell Tel. Co.	697,108.14	720,456.11	712,817.22
Bell Tel. Co. of Penna. and two Associated Companies	1,066,132.54	1,100,627.99	1,068,335.23
Ches. and Pot. Tel. Co.	503,912.02	526,993.36	548,439.12
Cumberland Tel. and Tel. Co.	.....	.....	.....
Southern Bell Tel. and Tel. Co.	876,467.00	895,161.36	854,046.44
Ohio Bell Tel. Co.	626,184.48	638,042.57	619,171.32
Cinn. and Subn. Bell Tel. Co.	152,561.45	154,809.49	152,101.45
Michigan Bell Tel. Co.	596,888.72	599,582.41	560,074.50
Indiana Bell Tel. Co.	195,586.50	196,149.48	187,541.01
Wisconsin Tel. Co.	255,642.92	262,501.88	256,277.57
Illinois Bell Tel. Co.	1,305,366.17	1,355,954.93	1,306,313.57
Northwestern Bell Tel. Co.	577,292.23	594,756.85	583,835.18
Kansas City Tel. Co.	.....	.....	.....
Southwestern Bell Tel. Co.	1,207,533.86	1,244,753.71	1,207,907.47
Mountain States Tel. and Tel. Co.	315,472.22	325,552.37	319,772.35
Pacific Tel. and Tel. Co. and 3 Associated Companies	1,445,200.12	1,503,012.56	1,502,501.11
Bell Telephone Co. of Canada	373,382.62	390,629.12	379,806.87
Total	$14,455,588.31	15,025,889.63	14,718,360.67

(a) Bases for Payments: Years 1929-1930 and 1931—1½% of gross earnings.

156—440

1799

[fol. 5614]

EXHIBIT X-400

City's Exhibit 142-C

Revised to Include 1929, 1930, and 1931

American Telephone and Telegraph Company, Illinois Bell Telephone Company

Estimated Requirements and Cash Taken

	Illinois Bell Tel. Co.		All Associated Companies	
	Estimated Requirements	Cash Taken	Estimated Requirements	Cash Taken
1929.....	$15,081,000 (b)	$13,131,303	$252,556,000	$220,924,950
1930.....	23,624,000 (b)	19,048,013	297,600,739	180,263,031
1931.....	9,925,000 (b)	0 (c)	129,583,000 (c)	77,327,470

(b) Exclusive of repayments of funds previously left with A. T. & T. Co. June 5, 1929.

Bold face in red.

(c) Does not include advances made under special authorizations as follows:

New York Tel. Co	$68,800,000
Ohio Bell Tel. Co	12,971,490
Total	$81,771,490

142—
1929—4.98
432 30—6.69

City's Exhibit 148

American Telephone and Telegraph Company

Cost of Capital Funds Procured by the American Company Through Sale of Stock, Bonds and Other Borrowings

	Ratio of Capital Funds Procured		Annual Cost		
	Stock	Bonds and Other Borrowings	Stock	Bonds and Other Borrowings	Total
1929.....	18.27	81.73	7.35	4.45	4.98
1930.....	75.77	24.23	7.30	4.76	6.69

[fol. 5615]

EXHIBIT X-400

11/11/31

Supplemental to City's Exhibit No. 151

Illinois Bell Telephone Company

Date	Total No. of Employees	No. of Employees Eligible to Subscribe	No. of Shares of A. T. & T. Stock Issued to Employees During Year	No. of Shares of A. T. & T. Stock under Subscription End of Year	% of Total Employees Subscribing
Dec. 31, 1926...	27,792	23,608	9,935	65,004	61.16
1927...	28,916	24,041	12,155	69,222	62.60
1928...	29,708	26,251	12,106	80,054	69.08
1929...	31,030	27,262	9,290	123,950	79.89
1930...	29,264	28,354	20,923	113,621	85.09

Supplemental to City's Exhibit No. 151

Illinois Bell Telephone Company

Dec. 31, 1931...	26,475	26,508	23,999	80,911	73.61

[fol. 5616] EXTRACTS FROM EXHIBIT X-402

All Correspondence Between Counsel and Parties

* * * * * * *

October 19th, 1931.

Messrs. Charles M. Bracelen, Horace Kent Tenney, William H. Thompson, Kenneth F. Burgess, attorneys and counsel for Illinois Bell Telephone Company.

GENTLEMEN:

* * * * * * *

8. Make available for inspection minute book of Executive Committee and of Board of Directors of A. T. & T. for each year 1919-1930 and of Western Electric for each year 1916-1930.

* * * * * * *

Yours very truly, (Signed) Benjamin F. Goldstein.

* * * * * * *

October 27, 1931.

Illinois Bell Telephone Company, 212 West Washington Street, Chicago

Mr. George I. Haight, 209 S. La Salle St., Chicago, Ill.; Mr. Edmund D. Adcock, 209 S. La Salle St., Chicago, Ill.; Mr. Benjamin F. Goldstein, 10 S. La Salle St., Chicago, Ill.

GENTLEMEN:

* * * * * * *

With respect to your letter of October 19, we decline to furnish the statements or inspections requested in Nos. 1, 2, 4, 7, 8 and 11. A statement is being prepared covering [fol. 5617] the information requested in No. 3.

* * * * * * *

Yours very truly, (Signed) C. M. Bracelen, Horace K. Tenney, W. H. Thompson, K. F. Burgess.

[fol. 5618] EXTRACTS FROM EXHIBIT X-403

Ruskin's Statement of Number of Pages in Cr. and Mr. Reports Furnished by Plaintiff at Later Date

Total M R and C R and Q R, pp.	1,703
Total pp. Prov. Est.	7,967
Total pp.	9,670

[fol. 5619] EXTRACTS FROM EXHIBIT X-404

This is to certify that the Graybar Electric Company, Inc., during the year 1929 maintained a department which tabulated our sales and gross profits among the following classifications:

Telephone Apparatus,
Lead Covered Cable,
Supplies.

This is to certify that we discontinued tabulating our sales and gross profits by classifications effective May 1, 1930, but again resumed the classification of these items effective May 1, 1931. The information for the years 1930 and 1931 is, therefore, not available.

M. E. Wagner, Assistant Secretary.

June 14, 1932.

(Here follows side folio 5620)

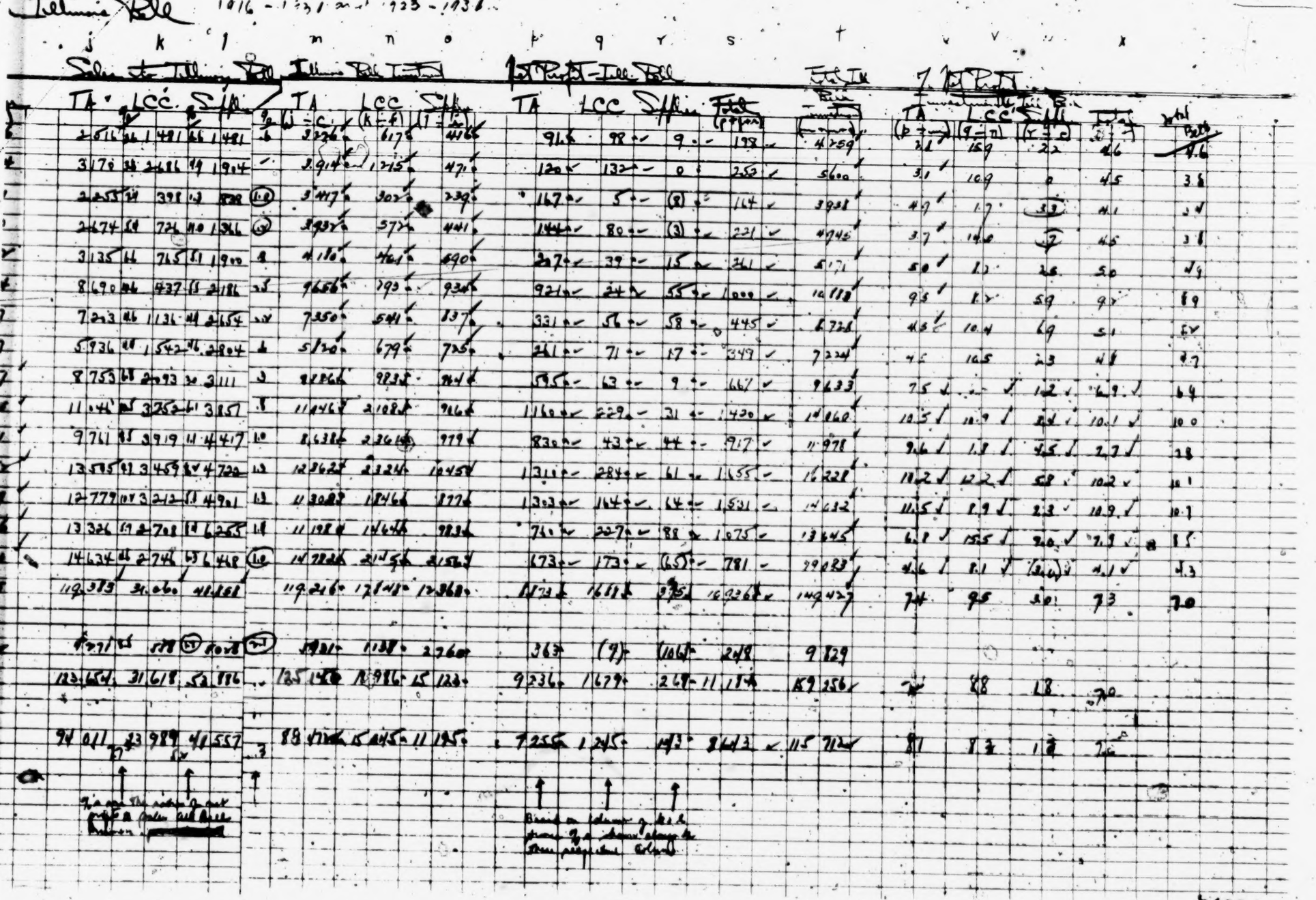
EXHIBIT X-405

7. Profit on Investment in Business with Illinois Bell 1916 - 1931 and 1933 - 1936

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Bell Sales Bell Inv.			Bell Sales Bell Inv.			Bell Sales Bell Inv.			Sales to Illinois Bell			Illinois Bell Investment		
	TA	TA	Turnover (a÷b)	LCC	LCC	Turnover (d÷e)	Sales	Sales	Turnover (g÷h)	TA	LCC	Sales	TA (j÷c)	LCC (k÷f)	Sales (l÷i)
1916	23,226	29,613	.78	16,587	6,909	2.40	94,122	9,590	9.81	2,616	36 1,491	66 1,481			
17	35,715	44,173	.81	24,078	10,905	2.21	44,847	11,106	4.04	3,170	38 2,486	99 1,904			
18	35,581	53,577	.66	9,868	7,478	1.32	33,768	9,630	3.51	2,255	39 398	03 838			
19	34,197	51,707	.68	7,735	6,084	1.27	37,654	12,149	3.10	2,674	59 726	80 1,386			
20	54,057	71,624	.76	16,138	8,448	1.91	60,515	18,922	3.20	3,135	66 765	61 1,900			
21	89,191	99,590	.90	11,505	7,720	1.49	42,189	18,020	2.34	8,690	96 437	15 2,186			
22	99,015	101,171	.98	16,927	8,047	2.10	44,005	13,871	3.17	7,213	46 1,136	44 2,654			
23	108,289	106,526	1.02	23,829	10,510	2.27	56,041	14,468	3.87	5,936	48 1,542	46 2,804			
24	143,201	128,705	1.11	34,226	16,068	2.13	55,873	13,715	4.07	8,753	68 2,093	30 3,111			
25	126,792	126,495	1.00	40,092	22,517	1.78	59,815	14,083	4.25	11,044	87 3,752	61 3,857			
26	134,080	118,982	1.13	42,703	25,653	1.66	70,420	15,620	4.51	9,911	85 3,919	14 4,417			
27	133,138	126,435	1.05	37,776	26,424	1.43	70,148	15,569	4.52	13,595	92 3,459	84 4,720			
28	136,467	121,742	1.12	43,339	24,892	1.74	88,002	15,744	5.59	12,779	103 3,212	51 4,901			
29	178,168	149,564	1.19	63,915	34,468	1.85	130,208	20,485	6.36	13,326	69 2,708	18 6,265			
30	195,128	197,446	.99	56,728	44,165	1.28	86,774	28,951	3.00	14,634	85 2,744	63 6,418			
Total	1,527,058	1,526,227	1.00	445,448	269,798	1.65	914,667	234,767	3.95	119,389	31,060	41,861			
1931	141,193	144,867	.97	21,579	13,575	1.59	56,133	21,982	2.55	4,271	588	4,078	1,981	1,138	2,760
T.f. 1916-31	1,668,251	1,671,094		467,027	283,373		970,800	256,749		123,660	31,618	45,939	125,148	15,986	15,122
T.f. 1916-36	1,976,388	1,969,749		564,187	247,262		624,406	170,557		94,011	23,989	41,557	89,477	15,445	11,195

[illegible] The ratio of cost of sales to sales

EXHIBIT X-405



5620

[fol. 5621] EXTRACTS FROM EXHIBIT X-406

P. 3

[Reprinted from the Proceedings of the American Statistical Association, March, 1928]

Some Important Principles of Index Number Construction

By Robert W. Burgess

In order to provide a background of summarized facts as a basis for price forecasts, determination of policies, and analysis of operating results, the Western Electric Company maintains a considerable number of internal index numbers. The principal index numbers in use are as follows:

(a) An index number of the prices paid for all raw materials used in the manufacture of lead covered cable and another one for materials used in the manufacture of telephone apparatus.

(b) An index number of sales prices to Bell Telephone Companies of all merchandise sold to them by the Western Electric Company, either as a manufacturer or as purchasing agent for the Bell System. This index number is a composite of four index numbers covering:

(1) Lead covered cable.

(2) Telephone supplies—that is to say, telephone poles, directories, wire and strand, and various items purchased for the System and sold without change of form.

(3) Services, principally installation of central offices.

(4) Telephone apparatus, that is to say, all specialized telephone material, aside from lead covered cable.

(c) An index number of sales prices for the Graybar Company.

(d) A shop cost index for telephone apparatus.

(e) Indices of plant costs (buildings and machinery) for use in connection with special depreciation reserves, and as a guide for decisions as to new construction.

(f) Indices of weekly earnings of certain groups of employees.

[fol. 5622] X-406, P. 7

Uses of Index Numbers

The aim of the following discussion is to explain how index numbers of internal price and cost, though valuable as an aid in making management decisions, are not adapted to showing actual profits.

The main uses of price index numbers are:

1. To compare the average level of prices at different times. Such comparisons are more significant when made for various companies and various groups of commodities.

2. To reduce dollar value of sales at different times to the same price level so as to get an approximate measure of the trend of physical volume of sales. This method is valuable in the case of the Western Electric Company because there is no simple unit, other than the dollar, in which sales volume can be summarized.

The main use of index numbers of cost is to show the trend of costs insofar as changes in expenditure are due to actually paying more for the same thing, as distinguished from changes due to differences in design or changes associated with the inevitable reduction of costs of a new item during the first year or two of production.

In constructing price and cost index numbers, the aim is to show the trend, omitting entirely cases which are recognized as exceptional. For instance, when an item of new design is introduced, actual average costs will be somewhat high for some time till the methods of manufacture are adapted to the particular processes required and the personnel become familiar with the new work. All the expense of installing the new machinery and processes also will be an actual outgo of this period, though fairly distributed by accounting processes over a longer time. In order to get a figure representing true changes in cost levels, no items which have been in production for less than two years are included in the sample on which the cost index is based.

Even aside from new items, it is impracticable to include all items manufactured as a basis for the index. The attempt is, of course, made to select a typical sample, but there is a possibility that in any period the cost conditions for the less important items will be somewhat different

from the conditions affecting the heavy runners used as samples. In particular, some items are produced in such small quantities or for such a short period that no bulletin costs are established and changes in such costs may not parallel changes in the principal items.

It is clear, then, that the index number of costs is not intended to give a complete picture of the fluctuations in total shop costs and cannot be used as a substitute for shop records of actual expenditures.

Turning now to the index of sales prices, this index intentionally omits from consideration items which are new and perhaps not yet priced in accord with shaken down costs. Moreover, the index, so far as the combination of the subclasses and the major classes is concerned, is based on average weights over a typical period rather than the actual quantity sold year by year.

[fol. 5623] X-406, P. 8

A comparison of the shop costs index and the sales price index would not give a valid picture of profits for any particular period for the following reasons:

1. The cost index does not cover new items for which sales prices are not usually high enough to cover initial costs with the usual margin of profits.

2. The cost index reflects only shop costs, not costs of distribution, development costs, nor general expense.

3. Neither the shop cost index nor the sales price index covers items manufactured in small quantities or manufactured for one or two years only. The price index includes, specifically, a much larger proportion of sales than does the shop cost index, but even so, is not all-inclusive.

4. The principal weights used in the sales price index numbers are average or typical quantities or values rather than quantities or values varying each year.

5. The sales price index for apparatus and equipment includes certain material manufactured by others than the Western Electric Company but sold to Bell Telephone Companies on the same basis as material of Western Electric manufacture.

6. The actual shop output of Western Electric factories includes some items not destined for Bell Telephone Companies.

7. A varying time lag, different for different items, exists between the time articles are completed at the factories and the time they are sold. The cost level of a particular month does not apply to the sales of that month.

8. The profits of a given year are seriously affected by inventory revaluations required at the end of the year. These adjustments are not considered in compiling the index of standard shop costs and are only one of many factors considered in changing prices.

RWB:ACF.
10/29/31.

[fol. 5624] X. 406, P. 43

Description of Method Used in Compiling the Trend of Western Electric Prices for Telephone Apparatus Sold to Bell Telephone Companies

General

This price trend was prepared to show the course of Western Electric Company prices for Telephone Apparatus sold to Bell Telephone Companies since the year 1914. This trend excludes the effect of price changes made as a result of major changes in design and the adjustment of introductory prices from a level which reflected the higher initial costs inherent in new production to the lower price level which resulted from the "shaken down" costs which naturally followed when initial production difficulties were ironed out.

[fol. 5625] X-406, P. 62

Index of Plant Costs

Buildings

Hawthorne, 1920 = 100

	Hawthorne	Kearny
1920	100	
1921	86	

	Hawthorne	Kearny
1922	75	
1923	87	94
1924	91	96
1925	91	95
1926	89	96
1927	91	97
1928	92	97
1929	94	95
1930	93	98

[fol. 5626] X-406, P. 64

Index of Plant Costs

Permanent Fixtures

Hawthorne, 1920=100

	Hawthorne	Kearny
1920	100	
1921	93	
1922	83	
1923	93	92
1924	96	96
1925	100	95
1926	101	98
1927	100	96
1928	100	96
1929	100	98
1930	100	102

[fol. 5627] X-406, P. 66

Index of Machinery Costs

	1914=100
1920	223
1921	200
1922	187
1923	200
1924	194
1925	203
1926	206
1927	209
1928	213
1929	212
1930	211

[fol. 5628] X-406, p. 70

Copy

JOR-6055-2C

February 7, 1931.

T. J. Savage, Manufacturing Accountant, 195 Broadway, New York:

Referring to your letter of February 3, 1931 and our telephone conversation of February 6, 1931, regarding machinery costs for 1929 and 1930.

Investigation shows that the price increase of 1930 over 1925 was 28%. Prices during 1930 were at practically the same level throughout the year and the 1930 ending cost would therefore show the same increase over 1925 as the average price increase for the year. It is also true that price fluctuations throughout 1929 were negligible thus making the 28% average price increase representative of the situation at the end of 1929.

This information was obtained from the Engineer of Manufacture Machinery Procurement Organization and has been confirmed with the Purchasing Department. We raised the question as to why 1930 costs were not less than 1929 as we would expect, but were informed that the economic situation had had no appreciable effect on machinery prices to date. The principal factors in machinery costs are labor and overhead charges, raw material having only a slight effect, which so far as 1930 is concerned is negligible.

(Signed) R. A. Granquist, Assistant Superintendent of Accounting.

EMS.

[fol. 5629] X-406, p. 71

November 13, 1931.

Mr. R. W. Burgess:

With reference to your inquiry as to conditions back of the 28% increase in costs of machinery purchased in 1930 and 1929 as compared with 1925 costs, as stated in the letter from R. A. Granquist to T. J. Savage of February 7,

1931, I find after discussion with several of our machinery experts that part of this increase was in fact due to changes in design and was not strictly a change in the cost of the same thing. No precise estimate is available as to how much of the cost change was due to each of these factors, but our engineers estimate that approximately 75% of the price change since 1925 represents a true change in cost level. Your assumption of 50% is therefore very conservative.

A. L. Luessenhop.

ALL.JW.

[fol. 5630] X-406, p. 72

(Copy)

April 25, 1929.

Mr. R. W. Burgess:

Replying to your memorandum of April 9th regarding price trend of machinery purchased during the year 1928. I am giving below the price trend for the past four years and the present view for this year:

1925	100.0%
1926	112.5%
1927	113.5%
1928	118.0%
1929 Present View	120.0%

The following is an extract from Mr. Stahr's letter to me dated April 19th with respect to the 1928 and 1929 price trends:

"The rise in cost in 1928 and 1929 over that reported for 1927 can be attributed to the fact that machine tool manufacturers throughout the country are overloaded with work and are working beyond their normal capacity which necessitates overtime and Sunday work resulting in increased costs."

(Signed) D. B. Peckham.

DBP.VC.

[fol. 5631]

EXHIBIT X-408

Illinois Bell Telephone Company, Chicago Area

Book Cost of Central-Office Telephone Equipment

		Gross Additions	Retirements	Net Additions	Balance
January 1, 1923.	Manual Local	.....	.....	.....	$17,806,899
	" Toll	.....	.....	.....	1,737,115
	Dial	.....	.....	.....	.....
	Total	.....	.....	.....	$19,544,014
December 31, 1923.	Manual Local	$3,120,153	$431,972	$2,688,181	$20,495,080
	" Toll	213,185	44,293	168,892	1,906,007
	Dial	5,064,290	.....	5,064,290	5,064,290
	Total	$8,397,628	$476,265	$7,921,363	$27,465,377
December 31, 1924.	Manual Local	$2,401,313	$428,851	$1,972,462	$22,467,542
	" Toll	512,136	117,405	394,731	2,300,738
	Dial	17,634	360	17,274	5,081,564
	Total	$2,931,083	$546,616	$2,384,467	$29,849,844
December 31, 1925.	Manual Local	$3,488,053	$318,904	$3,169,149	$25,636,691
	" Toll	747,733	88,988	658,745	2,959,483
	Dial	2,154,854	2,424	2,152,430	7,233,994
	Total	$6,390,640	$410,316	$5,980,324	$35,830,168
December 31, 1926.	Manual Local	$3,928,195	$124,299	$3,803,896	$29,440,587
	" Toll	647,730	62,318	585,412	3,544,895
	Dial	935,980	26,065	909,915	8,143,909
	Total	$5,511,905	$212,682	$5,299,223	$41,129,391
December 31, 1927.	Manual Local	$2,710,549	$371,730	$2,338,819	$31,779,406

	Manual Toll	774,022	135,848	638,174	4,183,069
	Dial	431,658	41,269	390,389	8,534,298
	Total	$3,916,229	$548,847	$3,367,382	$44,496,773
December 31, 1928.	Manual Local	$1,838,324	$703,241	$1,135,083	$32,914,489
	" Toll	615,110	89,030	526,080	4,709,149
	Dial	4,763,183	26,097	4,737,086	13,271,384
	Total	$7,216,617	$818,368	$6,398,249	$50,895,022
December 31, 1929.	Manual Local	$960,312	$2,437,334	$1,477,022#	$31,437,467
	" Toll	3,892,030	2,056,740	1,835,290	6,544,439
	Dial	3,755,181	58,242	3,696,939	16,968,323
	Total	$8,607,523	$4,552,316	$4,055,207	$54,950,229
December 31, 1930.	Manual Local	$1,913,050	$697,403	$1,215,647	$32,653,114
	" Toll	1,407,397	500,549	906,848	7,451,287
	Dial	472,889	187,756	285,133	17,253,456
	Total	$3,798,336	$1,385,708	$2,407,628	$57,357,857
December 31, 1931.	Manual Local	$552,463	$1,869,059	$1,316,596#	$31,336,518
	" Toll	732,962	332,853	400,109	7,851,396
	Dial	3,668,459	33,662	3,634,797	20,888,253
	Total	$4,953,884	$2,235,574	$2,718.310	$60,076,167

Red.

[fol. 5632] EXHIBIT X-409

Illinois Bell Telephone Company, Chicago Exchange

Company Stations

	Total Inward Movement*	Total Outward Movement*	Net Increase	No. in Service End of Period
Year 1923	235,075	182,224	52,851	691,545
" 1924	263,868	213,477	50,391	741,936
" 1925	288,227	239,399	48,828	790,764
" 1926	307,364	250,058	57,306	848,070
" 1927	320,119	264,729	55,390	903,460
" 1928	323,343	284,788	38,555	942,015
" 1929	337,174	291,298	45,876	987,891
" 1930	303,981	310,547	6,566#	981,325
" 1931	291,086	332,930	41,844#	939,481

* Includes Changes of Address.
# Decrease.

[fol. 5633] EXHIBIT X-410

Illinois Bell Telephone Company, Chicago Exchange

Figures Used in Arriving at Average Assets for 1923

	Dec. 31, 1922	Dec. 31, 1923
Total Plant in Service—per books	$84,400,336	$98,635,672
Less Displacement entry made on books during the year 1924 in connection with property actually retired prior to 1922	105,368	105,368
Net	84,294,968	98,530,304
General Equipment—per books	1,287,480	1,509,747
Total Plant in Service and General Equipment	85,582,443	100,040,051
Construction Work in Progress	6,019,435	812,543
Total—End of Year	$91,601,883	$100,852,594
Average for Year 1923		$96,227,238
Percent (a) Average for year 1923 / of (b) Total end of year	96,227,238 / 100,852,594	95.413746%

* * * * * * *

Reproduction Cost New Less Depreciation of Plant in Service and General Equipment, Construction Work in Progress and Going Value

	End of Year 1923 (Line 7—Exh. A-53)	Average for Year 1923 (Line 8—Exh. A-53) 95.41% of Line 7
Intrastate Exchange	$145,681,260	$138,994,490
" Toll	6,721,860	6,413,327
Total Intrastate	152,403,120	145,407,817
Interstate Toll	7,163,610	6,834,800
Total Chicago	$159,566,730	$152,242,617

* * * * * * *

	Book Cost of Plant in Service, General Equipment, and Construction Work in Progress	
	End of Year 1923 (Line 14—Exh. A-53)	Average for Year 1923 (Line 15—Exh. A-53) 95.41—% of Line 14
Intrastate Exchange	$92,128,543	$87,903,294
" Toll	4,221,847	4,028,222
	96,350,390	91,931,516
Interstate Toll	4,502,204	4,295,722
Total Chicago	$100,852,594	$96,227,238

[fol. 5634] EXHIBIT X-415

Illinois Bell Telephone Company, Chicago Exchange

Public Pay Stations

(All Available for Local Service and Toll Service)

	One-party Lines	
	Main Stations	Extensions
December 31, 1923	11,082	987
" " 1924	12,015	985
" " 1925	13,037	1,033
" " 1926	14,214	1,053
" " 1927	15,705	1,192
" " 1928	16,857	1,432
" " 1929	18,409	1,198
" " 1930	20,440	1,364
" " 1931	22,057	1,475

[fol. 5635] EXTRACTS FROM EXHIBIT X-416

Advice No. 40, dated July 15, 1919, to Public Utilities Commission, Springfield, Ill., with accompanying schedules issued by Chicago Telephone Company, etc. (17 sheets). Attached petition with Exhibit A.

(Here follow side folios 5636, 5637, 5638, 5639, 5640, 5641, 5642, and 5643)

(6)

EXHIBIT X-416

7-16-19

STATE OF ILLINOIS PUBLIC UTILITIES COMMISSION

In the matter of the Application of the CHICAGO TELEPHONE COMPANY, for authority to put into force certain rates throughout the State of Illinois.

7/16/19

Application No. 411

The petition of the above named Chicago Telephone Company, Applicant, respectfully represents and shows:

1. That the applicant is a corporation duly organized and existing under the laws of the State of Illinois, with its principal place of business in the City of Chicago, Illinois, and that it owns within the State of Illinois, principally in the Counties of Cook, McHenry, Lake, Kane, DuPage, Kendall, Grundy and Will therein, certain plant, equipment or property to be used by it for the transmission of telephone messages between points within the State of Illinois, and that, as a public utility it is subject to the provisions of an act entitled "An Act to provide for the Regulation of Public Utilities" in force in the State of Illinois, herein referred to as the Public Utilities Act.

2. That the applicant on January 1, 1914, owned and operated the plant, equipment and property aforesaid, for the purposes aforesaid, and continued to own and operate the said plant up to and including July 31, 1918. That on the last mentioned date the control, operation and management of the aforesaid plant, equipment and property, and the possession thereof, was assumed by the Government of the United States pursuant to an Act of Congress, entitled, "Joint Resolution to authorize the President, in time of war, to supervise or take possession and assume control of any telegraph, telephone, marine cable, or radio system or systems or any part thereof and to operate the same in such manner as may be needful or desirable for the duration of the war, and to provide

5636

48144

X-416

just compensation therefor." approved on the 16th day of July, 1918. And that the aforesaid possession, operation, control and management have continued as aforesaid from July 31, 1918 up to and including the date hereof, during all of which time the applicant has been engaged in the management and operation of its said properties as an agent of the United States Government, and during said last mentioned time has not had in effect any telephone rates of its own.

3. That pursuant to the provisions of the Public Utilities Act the Applicant filed with the State Public Utilities Commission of Illinois on January 27, 1913 its schedule of rates and charges which were in effect on July 1, 1913, and continued said rates in effect without change or modification or any application therefor up to and including July 31, 1918. That certain of said rates, to-wit, the charges and rates for telephone service within the City of Chicago and certain territory adjacent thereto, had been fixed and determined by ordinances of said City of Chicago passed by the City Council thereof on November 6, 1907 and May 26, 1913. That certain of said rates fixed by said ordinances were discriminatory and in violation of the provisions of said Public Utilities Act, but said discriminatory rates in the City of Chicago remained in effect without complaint until a formal complaint was filed before the State Public Utilities Commission of Illinois by one Lyer J. Steinhardt against this applicant and the City of Chicago, charging among other things with discrimination in existing rates on file as aforesaid; and that on July 1st, 1918 said Commission entered an order upon said complaint finding that discrimination in the said rates existed, and entered an order directing the applicant to file with the Commission for its approval a schedule of reasonable rates for both rental and toll

48488

X-416

telephone service within the territory served by said applicant within and without the City of Chicago, eliminating therefrom all discriminations of any kind as among, between or against individuals, communities or municipalities.

5. That after July 31, 1918 the Postmaster General of the United States, under authority of the Act of Congress aforesaid and the proclamation of the President thereunder, continued in force the rates for toll and local exchange service which had been theretofore in force, and filed with the Public Utilities Commission; that on August 28, 1918 by order duly issued, the Postmaster General, acting under the authority aforesaid, determined upon and fixed certain charges for the installation and moving of telephone service and equipment, which were subsequently modified by further similar order on November 18, 1918, which said charges as modified as aforesaid, were put into effect by this applicant as an agent of the Government of the United States, and continued in force up to the date hereof.

6. That on December 13, 1918 the Postmaster General, acting under the authority aforesaid, ordered the applicant to put into effect certain rates for toll service within the State of Illinois; that the applicant was instructed to put said toll rates into effect on January 21, 1919, but was prevented from so doing by injunction issued by the Superior Court of Cook County, Illinois, and that said rates were not put into effect until midnight of June 6, 1919, when said rates were placed in effect by this applicant as agent for the Government of the United States, and have been continued in force up to the date hereof.

7. That prior to June 6, 1919 the Postmaster General of the United States, acting under the authority aforesaid, approved certain exchange telephone rates to be charged by the applicant

4814

X-416

as agent of the Government of the United States, within the State of Illinois, and that said rates so approved were put into effect by the applicant, as agent as aforesaid, on June 11, 1919, in the territory outside of the City of Chicago, and on June 16, 1919 in the City of Chicago, and have been continued in effect up to the date hereof.

8. That an Act of Congress of the United States, approved July 11, 1919 and in effect July 31, 1919, repealing in part said Act of Congress above referred to, provides that the toll and exchange rates now charged by the applicant as agent of the Government of the United States, for telephone service furnished by means of the properties of this applicant, are to remain in full force and effect until December 1, 1919 unless sooner modified or changed by the public authorities - State, municipal, or otherwise - having control or jurisdiction of tolls, charges and rates or by contract or by voluntary reduction.

9. That since the passage of the last mentioned Act of Congress, the City of Chicago, which, prior to the date on which Public Utilities Act became effective, exercised certain jurisdiction over the applicant herein, under the ordinances aforesaid, in connection with its rates and charges, has attempted to assert its jurisdiction to fix and determine the rates and charges for telephone service of this applicant, contrary to the provisions of said Public Utilities Act and to that end has served upon this applicant notice of its intention to proceed on the 12th day of August, 1919, with the regulating and fixing of rates for telephone service to be charged by the applicant in the City of Chicago; that in so doing the City of Chicago is asserting its right to modify or change the said rates as a

X-416

public authority having control or jurisdiction of said rates in accordance with the provisions of the said Act of Congress, approved July 11, 1 1 , contrary to the provisions of the Public Utilities Act, which gives to the Public Utilities Commission of this State sole jurisdiction over the regulation of rates; and, further, that said City of Chicago claims that upon the restoration to this applicant of its telephone system on the 1st day of August, 1 19, in accordance with said Act of Congress, the rates prevailing at the time the Government of the United States took control of said system in Chicago, including the rates which this Honorable Commission has heretofore found to be discriminatory and unlawful, as hereinabove set forth, will automatically be restored as the lawful rates; as evidenced by the copy of said notice from the City of Chicago hereto attached as "Exhibit A".

10. That the expenses of operating the telephonic system of the applicant have greatly increased since January 1, 1914 and particularly during the period from April, 1 17, when the United States entered the war, up to the present time, but that the revenues arising from said operation have only slightly increased during said period, and wholly out of proportion to the increased expenses; that during said last named period the

applicant put into effect increases in its wage schedules in excess of One Million Eight Hundred Thousand Dollars ($1,800,000) a year more than had theretofore been paid, and that the prices of materials used in the telephone industry advanced substantially during said period, such increases in some instances amounting to approximately one hundred per cent. (100%) over the prices previously prevailing; that it will be necessary to continue in force the wage increases herein referred to and pay greatly increased prices for material during the remainder of the year 1919 and thereafter.

11. That during the period of Federal control the applicant kept its accounts in accordance with the standards of the Interstate Commerce Commission of the United States, and of the Public Utilities Commission of Illinois. It appears from said accounts that for the first five (5) months of the year 1919 the operation of the property of the applicant by the United States Government, under the rates in effect from January 1, 1914 to June 6, 1919 shows a deficit of the sum of $883,645.00 after the payment of the usual interest charges and dividends and an allowance for depreciation, as fixed by the United States Government. That if the applicant were compelled for any reason to put back into effect, after the Federal control period, the rates charged by the applicant prior to June 6, 1919, the applicant would not earn a fair return on its property, but that on the contrary the fixing of said rates would amount to a confiscation of the property of the applicant and the taking of its property without due process of law, contrary to the Constitution of the State of Illinois and to the Constitution of the United States of America.

12. That the rates and schedules for local exchange service in the City of Chicago, put in effect by the applicant on June 16, 1919 by direction and consent of the United States Government, abolished certain kinds of service rendered by the applicant under

the provisions of the ordinances of the City of Chicago herein referred to, eliminating all discriminatory rates arising out of the continuation of flat rate contracts to certain subscribers, and placed all subscribers on a measured service basis; that during the month of June and the month of July 1919 the applicant, pursuant to orders of the United States Government, has made and will make numerous changes in equipment and apparatus necessary to furnish service in accordance with the new schedules, and that it will be impossible for the applicant to return to a flat rate schedule without return to discriminatory rates and without great expense and serious inconvenience to the public in the City of Chicago.

That the rates at present in force are fair just and reasonable and will not earn more than a fair and reasonable return on the properties of this applicant.

13. That the operation of the system of this applicant by the Government of the United States during the time of War and the changes and financial and other problems incident thereto and to the operation of said system upon its restoration to this applicant, were not in the contemplation of the Legislature at the time of the adoption of the Public Utilities Act of this State, and that said matters and the other matters aforesaid present unusual and extraordinary conditions which render it necessary for this Commission to exercise its emergency powers and to allow this applicant to immediately put into effect certain rates, charges and classifications hereinafter referred to without the usual and customary notice to the Commission and to the public.

14. That application is hereby made for authority to put into effect (as soon as the existing rates now being charged under the authority of the United States government cease to

V-416

be applicable to your petitioner,) the rates, charges and classifications which are filed herewith, being the same and identical with the rates, charges and classifications now charged and collected in the territory aforesaid by the applicant herein as agent of the Government of the United States.

15. That whereas an emergency exists because of the matters aforesaid and especially because of the irreparable damage and injury which will be caused to the applicant and to the public if the applicant is not permitted to charge the rates herewith filed as soon as the existing rates now being charged under the authority of the United States Government cease to be applicable to your petitioner and pending a full hearing and investigation by this Honorable Commission,

THEREFORE the said Chicago Telephone Company prays the Public Utilities Commission of the State of Illinois to enter its order suspending the requirements of notice, setting this petition for immediate hearing, and after the said immediate and emergency hearing the said Commission enter an order granting the application herein and establishing the proposed rates of charge to continue in force upon such terms and conditions as the Commission may deem advisable, pending a further hearing and investigation of the aforesaid rates of charge to be made by this Honorable Commission, after such notice as the Commission may deem advisable, and that after said further hearing and investigation the Commission enter an order approving said rates, and grant for such other and further relief in the premises as to the Commission shall seem just and proper.

CHICAGO TELEPHONE COMPANY,
Petitioner,

by _____
its President.

Hall Printing and Ruling Co.

-6-

5643

[fol. 5644] X-416, 15

Regulations

Exchange Service.—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding five minutes' duration between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, the Company and its lessees and patrons are forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part.

[fol. 5645] EXHIBIT X-418

Illinois Bell Telephone Company

Stock Purchased by A. T. & T. Co., Years 1929 to 1931, Inclusive

Of the $40,000,000 stock issue authorized by the Stockholders on September 26, 1928 and approved by the Illinois Commerce Commission's Order 18720, dated November 28, 1928, the following amount was purchased by the A. T. & T. Company under the Illinois Commerce Commission's Order 18842 dated February 28, 1929:

No. of Shares	Price Paid per Share	Total par Value	Amount Received in Excess of par Value
396,998*	$100	$39,699,800	....
35**	100	3,500	....
38***	150	3,800	$1,900
397,071		$39,707,100	$1,900

*Paid in three installments—50% July 1, 1929: 25% January 2, 1930 and July 1, 1930.

**Originally subscribed for by Jackson and Curtiss and on August 29, 1929 transferred to A. T. & T. Co. Last two installments of 25% each paid on January 2 and July 1, 1930 by A. T. & T. Company.

***Unsubscribed for stock purchased by A. T. & T. Company at $150 per share and paid in full on July 1, 1930.

[fol. 5646] EXHIBIT X-419

Illinois Bell Telephone Company

Price at Which American Telephone and Telegraph Company Stock was Offered to Employes of Illinois Bell Telephone Company During Years 1923 to 1931

Effective October 1, 1922	$115
February 1, 1924	118
January 1, 1925	121
June 1, 1925	125
November 1, 1926	130
September 1, 1929	150

There were no American Telephone and Telegraph Company bonds offered to employes.

[fol. 5647] EXTRACTS FROM EXHIBIT X-420

June 29, 1932.

Statement Showing Certain Matters, Things, and Transactions from the Record Books of Executive Committee Meetings of the American Telephone & Telegraph Company Covering the Period from August 17, 1920, to May 13, 1931.

The matter herein set forth is embraced in volumes 9 and 10 of said records, Volume 9 covering the period from August 17, 1920, to September 7, 1925, Volume 10 covering the period from September 16, 1925 to May 13, 1931. During the interim between September 7, 1925, and September 16, 1925, no meetings of the Executive Committee were held.

The above records, being the minutes of the Executive Committee meetings, were produced in court for the inspection of defendants. On June 16, 1932, at the offices of the Illinois Bell Telephone Company, Mr. James Robb, Assistant Secretary of the American Telephone & Telegraph Company, who had and has in his possession said two volumes of said records, and Mr. Benjamin F. Goldstein, of counsel for defendants, and Mr. L. N. Jones of counsel for

plaintiff, were present, and Mr. Goldstein examined said record books and Mr. Goldstein indicated at such conference and examination the various parts or portions of the records contained in the said two volumes of records of which he desired to have copies. It is the purpose of this statement to set forth in substance the matters and things appearing with reference to the various items indicated by Mr. Goldstein, and this statement to be offered in evidence by defendants, subject to objection as to materiality and relevancy by plaintiff.

[fol. 5648] X-420, 20

Vol. 9, P. 107:

On April 12, 1922, the following transactions took place:

"Vice President Gifford reported that it seemed desirable to organize a Long Lines Department Board for the operation of the Long Lines Department. Whereupon, it was

"Resolved to recommend to the Directors that authority be vested in the President to authorize such of the Vice Presidents as he may select, with the Director of the Long Lines Department, to take charge of and carry on the portion of business of this Company involved in the operation of its Long Lines Department, such authority to be exercised in accordance with the lines of general policy which have been or may be laid down by the Board of Directors."

[fol. 5649] X-420, 21

Vol. 9, P. 132:

On October 11, 1922, the following transactions took place:

"Referring to this Committee's action on April 28 and November 10, 1915, and May 28, 1919, approving this Company's activities in and relation to development in the radio field, and authorizing certain expenditures therefor, the President reported that this Company has participated actively in such development down to the present time, and has maintained pre-eminence therein; that while the relation of wireless development to wire systems has not changed from that originally contemplated as reported to this Committee, the scope and expense of such develop-

ment already undertaken and also that desirable to undertake in the future, will exceed the amounts heretofore authorized by this Committee, and that the exact nature and cost of such as may yet be undertaken cannot be accurately foretold; and he recommended that the participation by this Company in such development, and the expenditures therefor, made and to be made, be approved and authorized. Whereupon, on motion, it was

"Resolved, that the recommendation of the President be approved."

[fol. 5650] X-420, 22

Vol. 9, P. 159:

On May 2, 1923, the following resolution was passed:

"Resolved, that in the event of the offer by the Illinois Bell Telephone Company of 100,000 shares of common stock for subscription by its stockholders at par, $100 per share, the President of this Company, Vice President Gifford and the Comptroller, or any one of those officers, be authorized in its behalf to subscribe and pay for pursuant to such offer, its proportion, say 98,850 shares, of such common stock, and to acquire additional shares of such new stock by the purchase of rights at not exceeding two dollars per right and subscription thereunder; provided, however, that before taking any action hereunder the authorization thereof by the Illinois Commerce Commission be first obtained."

Vol. 9, P. 169:

On August 21, 1923, the following resolution was passed:

"Resolved, that the officers be and they hereby are authorized to consent to the execution and delivery of the license agreement between the Western Electric Company, Inc., and the Stromberg-Carlson Telephone Manufacturing Company dated August 13, 1923, submitted to this meeting, and, to the extent of this Company's rights, title and interest in, to or under the patents and applications for patents listed in Schedule 'A' attached to said agreement, to join in the granting of the license therein granted to the Stromberg-Carlson Telephone Manufacturing Company under said patents and applications."

[fol. 5651] X-420, 24

Vol. 9, p. 191:

On February 6, 1924, the following resolution was passed:

"Resolved, that the Treasurer, whenever in his judgment the return thereon shall be better than if otherwise temporarily invested, be authorized to invest any surplus cash from time to time in temporary loans to the Western Electric Company, Incorporated, on that company's notes or on open account with interest; the period of each such loan to conform with the need of this Company for funds, and all such loans to be approved by the President or the Executive Vice President."

[fol. 5652] X-420, 26

Vol. 9, p. 195:

On February 19th, 1924, the following transactions took place:

"The President reported that it has been the custom for many years to vest in the Western Electric Company, Incorporated, or its foreign company, the International Western Electric Company, Incorporated, rights under foreign patents, and that under the established practice these rights go to them directly from the inventor and not through this Company; that on account of the laws of Newfoundland it was necessary to take the rights there under letters patent of Newfoundland No. 542 for new and useful improvements in, or relating to, means for reducing interference, in the name of this Company, and that in order to vest the rights under this patent in the International Western Electric Company, Incorporated, in conformity with the regular custom of the company, he had executed an assignment of the said patent to the International Western Electric Company, Incorporated, for the nominal consideration of One Dollar ($1.00).

Thereupon, upon motion, it was

"Resolved, that the action of the President in the premises be approved and confirmed, and that he be authorized to execute and deliver the said assignment."

[fol. 5653] X-420, 27

Vol. 9, P. 215:

On June 25, 1924, the following resolution was passed:

"Resolved, that this Company acquire for cash at par, $100 per share, 100,000 shares of the common stock of the Indiana Bell Telephone Company, and that it cancel $1,000,000 face value of 7% time notes of the Indiana Bell Company owned by this Company, and interest due and unpaid at the date the transaction is closed, amounting at the present time to approximately $1,180,000, on demand and time notes of the Indiana Bell Company owned by this Company."

30

Vol. 9, p. 237:

On December 17th, 1924, the following transactions took place:

"The President stated that it seemed desirable, for economy and efficiency, that the work heretofore carried on by the Engineering Department of the Western Electric Company, Incorporated, which includes work done for and at the expense of this Company, be turned over to, and thereafter be carried on by, a corporation to be organized, to be termed Bell Telephone Laboratories, Inc., one-half of the capital stock thereof to be owned by this Company and one-half by the Western Electric Company, Incorporated; such corporation to be operated without profit other than a reasonable return on investment. Whereupon, on motion, it was

"Resolved, that the President and the Executive Vice President, or either of them, be authorized on behalf of this Company to take all steps necessary for the organization of such company; to acquire and pay for one-half of its capital stock; to transfer to it from time to time any part or all of the work of allied nature carried on directly by this company; and to contract with that company upon mutually satisfactory terms for the performance by it for this company of work of the foregoing nature."

[fol. 5654] X-420, 31

Vol. 9, p. 241:

On January 7th, 1925, the following resolution was passed:

"Resolved, that as of December 31, 1924, there be appropriated from Reserve for Contingencies and added to the Employees' Benefit Fund Reserve already established under the Plan for Employees' Pensions, Disability Benefits and Death Benefits the amount of $1,000,000; provided, however, that as and when authorized by further action of the Board of Directors of this Company or by this Committee, said amount may be withdrawn from said reserve and appropriated to provide for pensions and death benefits, or either of them, or for analogous purposes under appropriate regulations."

33

Vol. 9, p. 268:

On June 24th, 1925, the following transactions took place:

"The Illinois Bell Telephone Company having by its circular letter of June 19, 1925, offered to each of its stockholders the right to subscribe at par ($100 per share) for one new share of its capital stock for every seven shares held by him.

"Resolved, that the President, Vice President Houston and the Comptroller, or any one of those officers, be authorized, in behalf of this Company, to subscribe and to pay for, according to the terms of said circular letter, this Company's proportion—say 98,918 shares—of the stock so offered, and to acquire additional shares of such new stock either by the purchase of rights at not exceeding $2.50 each and subscription thereunder, or by the purchase of any unsubscribed stock at prices to be agreed upon, the foregoing authority to be subject to the approval of the transactions in their legal aspects by the Vice-President and General Counsel."

[fol. 5655] X-420, 34

Vol. 9, p. 269:

At the same meeting, the following transaction took place:

"The President reported that it is to the interest of this Company that the deficit of the Indiana Bell Telephone Company be wiped out, and to that end it is desirable that this Company cancel the indebtedness of the Indiana Bell Telephone Company to this Company to an amount equal to the deficit of the Indiana Bell Telephone Company as of June 30, 1925; the indebtedness to be cancelled to consist of approximately $620,000 principal amount of demand notes of the Indiana Bell Telephone Company owned by this Company, and of approximately $1,180,000 past due interest on notes of that company; and the President recommended that the President, Vice President Houston and the Comptroller, or any one of those officers, be authorized to make such cancellations of notes and interest, for the purpose stated. Whereupon, upon motion, the recommendation of the President was approved."

Vol. 9, p. 274:

On August 18, 1925, the Committee approved the letter of the President dated the 14th of August, 1925, to the Western Electric Company, Incorporated, touching the assignment to that Company of patent rights in foreign countries to inventions of the A. T. & T., such rights to be of the same character and scope as the rights which the Western Electric Company, Incorporated, will be obligated to grant, in respect to its own patents and inventions, under proposed contracts between Western Electric Company, Incorporated, International Telephone and Telegraph Company and International Western Electric Company, Incorporated.

[fol. 5656] X-420, 35

NOTE.—Copy of said letter requested by defendants.

Vol. 10, p. 1:

September 16, 1925, the Committee passed the following resolution:

"Resolved, that the President and Vice-President Houston, or either of them, be empowered to vote and to authorize the voting of the stock of the Western Electric Company, Incorporated, owned by this Company, at a special meeting of the stockholders of the Western Electric Com-

pany, Incorporated, (1) in favor of the approval of certain contracts authorized by the Board of Directors of that company on August 14, 1925, subject to the consent of the stockholders, covering the sale of the capital stock of the International Western Electric Company, Incorporated, held by the former company, and providing for continuing commercial and patent relations between those companies; and (2) to authorize changes in the capital structure of the Western Electric Company, Incorporated, so that the total number of shares which that company may thenceforth have shall be 1,000,000 shares, all of which shall be common stock without par value."

[fol. 5657] X-420, 36

Vol. 10, p. 3:

On September 30, 1925, it was reported to the Committee by the President that, pursuant to the authorization of June 24, 1925, demand notes of the Indiana Bell Telephone Company, totalling $586,485.78, had been cancelled and that thereupon this company's book value of $26,999,100 par value of the stock of the Indiana Bell Telephone Company owned by it, had been increased by that amount, or from $89.19 to $91.36 per share, and the President recommended that the actions of the officers in making such entries in the company's books be approved, which was done by the Committee.

[fol. 5658] X-420, 37

Vol. 10, P. 25:

March 3, 1926, the following resolution was passed by the Committee:

"The President reported that the Western Electric Company, Incorporated, on the 4th day of February, 1926, had entered into an agreement with The Telegraph Construction and Maintenance Company, Limited, with regard to continuously loaded submarine telegraph cables, in which, subject to the approval of this Company, licenses were granted to the Construction Company, as follows:

1. Exclusive licenses in the United States and in certain foreign countries for the manufacture and sale of such

cables, upon payment of stipulated royalties and subject to certain reservations, among which is the right of the Western Electric Company to manufacture and sell, and license others to manufacture and sell in the United States;

2. Non-exclusive licenses under United States and foreign patents to lay, land and use such cables.

Thereupon, upon motion, it was

38

"Resolved, that the Western Electric Company, Incorporated, be and is hereby authorized to grant the licenses aforesaid in so far as the patent rights owned or controlled by this Company are involved, provided that the Western Electric Company will, upon the request of this Company, license this Company to manufacture, to have manufactured and to sell and to use in the United States continuously loaded submarine telegraph cables.

[fol. 5659] X-420, 38 (Cont'd)

"The President reported that the Western Electric Company, Incorporated, on the 19th day of January, 1926, had entered into an agreement with Felton & Guilleaume Carlswerk Aktien Gesellschaft, referred to as the F. & G. Company, with regard to continuously loaded submarine telegraph cables, in which, subject to the approval of this Company, the F. & G. Company was granted, upon payment of stipulated royalties, 'the sole and exclusive license to manufacture in Germany and to sell in Germany (but only to and for the exclusive use of the German Government or German cable companies or any German firms) continuously loaded submarine telegraph cables—and a non-exclusive license to lay, land and use in all countries' with certain exceptions. The license granted is 'under all patents of Western Electric Company, Incorporated, a New York Corporation, and Bell Telephone Laboratories, Incorporated, a New York corporation'."

Thereupon, upon motion, it was

"Resolved, that the Western Electric Company, Incorporated, be and is hereby authorized to grant the licenses

aforesaid in so far as patent rights owned or controlled by this Company are involved.

[fol. 5660] X-420, 39

"The President reported that the Western Electric Company, Incorporated, on the 19th day of January, 1926, had entered into an agreement with the Gramophone Company, Limited, by which the latter was granted a license, upon payment of stipulated royalties, for sound boxes and other acoustic apparatus for practically all the world except North and South America. In that agreement the Western Company warranted that it would receive, for the territory involved, all patent rights which are or may hereafter be owned or controlled by this Company."

Thereupon, upon motion, it was

"Resolved, that the Western Electric Company, Incorporated, be and is hereby authorized to grant the licenses, aforesaid in so far as the patent rights owned or controlled by this Company are involved, subject to such royalty or other consideration, if any, as may be agreed upon and approved by the President.

"The President reported that Pursuant to the authority under the resolution of the Executive Committee dated July 17, 1923, this Company had sold to the Bell Telephone Securities Company 4,496 shares of the capital stock of this company, said shares being part of a total of approximately 17,500 shares remaining unsubscribed for and unissued under the Company's offer to stockholders dated August 24, 1922. These shares were sold from February 3 to February 8, 1926, inclusive, at the market price, the average sale price being $145.85 per share."

[fol. 5661] X-420, 41

Vol. 10, P. 71:

January 12, 1927, the following transaction took place:

"The President submitted a memorandum from the Comptroller dated January 10, 1927, setting forth the results of a study of the costs of the shares of capital stock of other companies owned by this Company on December

31, 1926, as shown by the books and records of this Company from its organization, and a comparison of such costs with the book values of the stocks on December 31, 1926; the total figures of the Company's holdings being:

Cost of stocks	$1,253,771,698
Book value	1,253,472,375
Excess of cost	$299,323

the stockholdings showing differences between their cost and book value, and those differences, being in detail as follows:

[fol. 5662] X-420, 42

Stockholding	Cost	Book value
New England Tel. & Tel. Co.	$72,251,446	$73,921,663
Southern New England Tel. Co.	9,647,829	9,628,147
New York Tel. Co., common	303,580,335	318,100,000
Southern Bell Tel. & Tel. Co.	81,812,681	79,788,921
Ohio Bell Telephone Co., common	50,041,148	44,998,920
Cincinnati & Suburban Bell Tel. Co.	6,009,148	6,293,032
Indiana Bell Telephone Co.	27,585,586	24,667,608
Wisconsin Telephone Co., common	24,973,835	22,655,958
Illinois Bell Telephone Co.	84,637,704	86,330,488
Northwestern Bell Tel. Co., common	66,039,490	63,517,107
Southwestern Bell Tel. Co., common	103,253,078	96,162,486
Mountain States Tel. & Tel. Co.	29,364,963	28,009,772
Pacific Tel. & Tel. Co., common	34,551,603	35,002,674
Bell Telephone Co. of Canada	16,666,094	16,988,489
" " " " " preferred	55,953,111	58,397,335
Central Union Telephone Co.	2,563,717	2,408,209
Cuban American Tel. & Tel. Co., common	.....	2,625
Western Electric Company, Inc.	54,280,512	56,047,523
Totals	$1,023,212,280	$1,022,912,957

The President recommended that the book value of each of the above mentioned stocks be adjusted as of December 31, 1926, to equal the cost of such stock as shown above, and that the aggregate of the adjustments, an increase of $299,323 in the book values, be credited at that date to Reserve for Contingencies. Whereupon, on motion, it was.

"Resolved, that the recommendations of the President be approved, and that entries in the Company's accounts in accordance therewith be authorized."

[fol. 5663] X-420, 45

Vol. 10, p. 93:

August 17, 1927, the following transaction took place:

"The President reported that Electrical Research Products, Inc., proposes to enter into an agreement with The Gramophone Company, Limited, by which the licenses to the latter granted under an agreement with the Western Electric Company, Incorporated, dated January 19, 1926, covering sound boxes and other acoustic apparatus, should be extended also to include electrical phonographs, the territory covered by the licenses being practically all of the world except North America and South America. In the proposed agreement the Products Company warrants that it will receive, for the territory involved, all patent rights therefor which are or may hereafter be owned or controlled by this Company. The President reported further that, subject to the approval of the Executive Committee, he had given the assent of this Company to the grant of the aforesaid licenses in so far as its present rights are involved. Thereupon, upon motion, it was

"Resolved, that the action of the President in giving assent to the grant of the licenses aforesaid in so far as the patent rights owned or controlled by this Company are involved, subject to such royalty and other consideration, if any, as may be agreed upon and approved by the President, be and the same hereby is ratified and approved.

[fol. 5664] X-420, 46

Vol. 10, P. 96:

September 7, 1927, the following resolution was passed:

"Resolved, that the President and Vice President Cooper, and either of them, be authorized to sell from time to time to the Western Electric Company, Incorporated, at their face value and endorsed by this Company, without recourse, demand notes issued by the Associated Companies of the Bell System and now or hereafter owned by this Company, of a total face value not exceeding $50,000,000, and to agree on behalf of this Company (1) that the interest on notes so sold be continued to be paid to it, the Western Electric Company to be paid by this Company at the end of each calendar quarter such part thereof as may be agreed upon with said officers, not exceeding, however, the rate of 5% per annum, and (2) that this Company will, upon thirty days' notice in writing, repurchase at face

value, plus accrued and unpaid interest at the rate agreed upon as above provided, any or all of the notes so sold; provided, however, that the Western Electric Company agree that it will not sell or call for payment any of the notes without first giving to this Company a thirty day opportunity so to repurchase them, and that this Company have the right upon like notice and basis to repurchase any or all of said notes, and to substitute upon its request from time to time, upon the same basis, for any of said notes held by the Western Electric Company, notes of other Associated Companies of the Bell System, of equal face value and with like endorsement."

[fol. 5665] X-420, 47

Vol. 10, P. 106:

November 16, 1927, the following resolution was passed:

"Resolved, that the President be authorized to offer for sale as of December 31, 1927, to the several companies licensees of this Company under existing License Agreements, the telephone (receivers, transmitters and induction coils) furnished and charged to the respective companies as of that date under the License Agreements, the prices therefor to be as follows:

Switchboard Receivers	$1.44
Switchboard Transmitters	1.73
Switchboard Induction Coils	.68
Substation Receivers	.97
Substation Transmitters	1.10
Substation Induction Coils	.38
Hand Sets	10.80

and in connection with said sale and as part of the same transaction, to offer to amend said License Agreements, as of January 1, 1928, so as (1) to relieve this Company from its obligation to furnish said telephones, and pertaining to the furnishing, delivery, replacement and repair thereof, and (2) to reduce to two per cent of their total gross earnings, as defined in said License Agreements, the payments therein provided to be made to this Company, provided that this Company shall retain the right, which is reserved when the payment was reduced from four and one-half per

cent to four per cent effective January 1, 1926, to withdraw the reduction of one-half of one per cent of said earnings upon four months' notice in writing, and to fix the payment at two and one-half per cent thereof."

[fol. 5666] X-420, 49

Vol. 10, P. 127:

April 18, 1928, the following transaction took place:

"The President submitted to the meeting the contract dated March 30, 1928, between Western Electric Company, Incorporated, and International Standard Electric Corporation touching the exchange of patent rights and referring to the agreement dated October 1, 1925, between those companies, and he recommended that he be authorized on behalf of this company to assent thereto and to agree during the

50

term thereof to grant to Western Electric Company, Incorporated, subject to such royalty or other consideration, if any, as may be agreed upon and approved by him, rights in respect of all foreign patents and foreign rights to inventions now owned or hereafter acquired by this Company, said rights to be of the same character and scope as the rights which Western Electric Company, Incorporated, is or will be obligated under said agreement to grant to International Standard Electric Corporation in respect of the patents, applications for patents and inventions of Western Electric Company, Incorporated. Whereupon, on motion, it was

"Resolved, that the recommendation of the President be approved."

[fol. 5667] X-420, 50

Vol. 10, P. 136:

May 23, 1928, the following resolution was passed:

"Resolved, that the President and the Vice-President and General Counsel, and either of them, be authorized to assent to the grant of non-exclusive licenses by the Western Electric Company, Incorporated, and the American Telephone and Telegraph Company to the Stromberg-Carlson

Telephone Manufacturing Company under the Nelson patent 1,620,733 of March 15, 1927, and the Pruessman patent 1,275,469 of August 13, 1918, in exchange for non-exclusive licenses to the Western Electric Company, Incorporated, and the American Telephone and Telegraph Company under three Levis applications owned by the Stromberg-Carlson Company, one of which applications is in interference with the above mentioned Nelson patent."

[fol. 5668] X-420, 51

Vol. 10, P. 137:

June 13, 1928, the following transaction took place:

"The President stated that Electrical Research Products Inc., a wholly owned subsidiary of Western Electric Company, Incorporated, proposes selling its holding of the capital stock (the whole) of Graybar Electric Company, Inc.; and he submitted a letter and memorandum from President Bloom of the Western Company setting out the situation as to the Graybar Company and outlining the plan and terms for its sale, and stating that in the unanimous opinion of the Board of Directors of the Western Company it is the only practicable method of effecting a sale of the Graybar Company. Whereupon, on motion, it was

"Resolved, that this Committee hereby records its view that the sale proposed is in the interest of this Company as a stockholder in Western Electric Company, Incorporated."

Vol. 10, P. 149:

October 24, 1928, the following transaction took place:

"The President read to the meeting the final report of this date by the Committee appointed by the Executive Committee at its meeting on January 4, 1928, to consider the experience under the Plan for Employees' Pensions, Disability Benefits and Death Benefits, and to recommend any changes that seem advisable; the conclusions and recommendations of that committee in its report being as follows:

"(a) No plan at all would, in its judgment, probably result in increasing rather than reducing total expenses. Cer-

tainly, it would result in loss which could not be measured in dollars and cents due to decreased morale and efficiency. The Committee knows of no better way in which the same amount of money could be spent for the value received. (For instance, an increase in wages of 3.2 per cent would not begin to result in the benefits that are obtained from the Plan.)

[fol. 5669] X-420, 52

'(b) That the benefits received by employees under the Plan are reasonable and consistent with general practice.

'(c) That the arrangements now in existence for meeting the financial obligations of the Plan be amended to provide that each of the Companies, shall, in due course, as conditions permit, base accruals on full service instead of beginning after fifteen years. This basis, when adopted by all companies, will require a constant annual provision for pensions of about 2.7 per cent (present basis is 1.9 per cent) of payroll to provide for the obligation accruing currently. This 2.7 per cent will not make up any of the accrued deficit for past service nor will it provide for the interest which is compounding annually on the accrued deficit. This deficit and interest thereon can, if advisable, be reduced by special appropriations of income or surplus from time to time. (The differential between 4 per cent interest on which basis charges are accrued and the 5½ per cent earned by the Pension Fund will operate to offset slightly the increasing deficit.) It should be noted that the current requirements of 2.7 per cent will remain substantially constant, while in the very nature of things the present basis would in time increase from 1.9 per cent of payroll to about 5 per cent, giving no consideration whatever to accruals during the first 15 years of service.

'(d) While it is inevitable that it should be desirable from time to time under the Plan to make changes based on experience, the Committee feels that beyond its preceding recommendation, such changes may be left for the management to recommend as occasion therefor arises.''

Whereupon, on motion, it was

"Resolved, that the report be approved and the Committee discharged with the thanks of the Executive Committee.

[fol. 5670] X-420, 55

Vol. 10, P. 161:

January 16, 1929, the following transaction took place:

"Illinois Bell Telephone Company having by its circular letter of December 20, 1928, offered to each of its stockholders the right to subscribe at par ($100 per share) for one share of its capital stock for every two and three-quarters shares held by him,

"Resolved, that the President, Vice-President Cooper and the Comptroller, and any one of those officers, be authorized and directed to subscribe on behalf of this Company, according to the terms of said circular letter, for 396,425 shares of the stock so offered, (approximately this Company's proportion thereof), and to make payment therefor as provided in said circular letter; such authority to be subject to the approval of the transaction in its legal aspect by the Vice-President and General Counsel."

On motion, it was

"Resolved, that the President be authorized to buy at prices satisfactory to him, rights of subscription for new stock of Illinois Bell Telephone Company under its offer of December 20, 1928, and on behalf of this Company to make subscription and payment under such rights; such authority to be subject to the approval of the transaction in its legal aspect by the Vice-President and General Counsel."

[fol. 5671] X-420, 56

Vol. 10, P. 207:

December 18, 1929, the following resolution was passed:

"Resolved, that the President, Vice-President Cooper and Comptroller, and any one of those officers, be authorized to make temporary advances from time to time to Western Electric Company, Incorporated, on open account or demand notes at rates of interest satisfactory to the

President; such advances, together with the advance of $6,499,000 made under authority of this Committee's resolution of January 30, 1929, not to exceed a total of $30,000,000 to be at any time outstanding."

Vol. 10, P. 211:

January 15, 1930, the following resolutions were passed:

"Resolved, that authority for further advances to Western Electric Company, Incorporated, in excess of $16,499,000 now outstanding, under resolutions heretofore adopted by this Committee, be hereby terminated; and

"Resolved further, that the President, Vice President Cooper and the Comptroller, and any one of those officers, be authorized to make advances to that company from time to time during 1930 not to exceed a total of $66,499,000 (including the $16,499,000 now outstanding) to be at any time outstanding, on its demand notes with interest at 6% per annum (or at 5.88% after the customary discount for payment of interest monthly on or before the 20th of the following month); upon the understanding that not exceeding $50,000,000 of the foregoing advances may remain unpaid up to December 31, 1931."

[fol. 5672] X-420, 60

Vol. 10, P. 249:

September 17, 1930, the following resolution was passed:

"Resolved, to recommend to the Board of Directors that they authorize:

"1. The execution of the agreement dated September 11, 1930, submitted to this meeting, between this Company and Sterling Morton providing for the purchase from him by this Company of the 150,000 outstanding shares of common stock, and of not less than 51% (and as much more as shall be offered) of the 13,979 outstanding shares of preferred stock of Teletype Corporation) the consideration to be paid for each share of common stock to be one share of stock of this Company, and for each share of preferred stock $105 plus accrued dividends.

"2. The issue of 150,000 shares of the stock of this Company in payment for the common stock of Teletype Corporation.

"3. The sale of Western Electric Company, Incorporated, of said common stock for $30,000,000, and of said preferred stock at $105 per share plus accrued dividends.

"4. A loan of $30,000,000 to Western Electric Company, Incorporated, on its six months' note with interest at 4½% per annum."

62

On motion, it was

"Resolved, that the President be authorized to execute on behalf of this Company the agreement dated this day, in the form submitted to this meeting, with De Forest Radio Company granting that company a non-exclusive license, for the purposes and upon the terms therein set forth, under certain patents of this company relating to radio telephone apparatus."

[fol. 5673] X-420, 135

The membership of the Executive Committee of the American Telephone & Telegraph Company is derived from the membership of the Board of Directors, pursuant to the By-laws of the American Telephone & Telegraph Company.

137

American Telephone and Telegraph Company

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held April 28, 1915:

Resolved, that the officers be authorized in their discretion to expend not exceeding $250,000 in the development of wireless telephony.

(Signed) A. A. Marsters, Secretary. (Seal.)

138

I hereby certify that the following is a true and correct copy of a resolution adopted by the Executive Committee of the American Telephone and Telegraph Company at a meeting held November 10, 1915:

Resolved, that the statement setting forth this Company's relations with and obligations toward wireless communication be approved for issue substantially as submitted to this meeting by the President; that this Company's policy as to wireless communication and the preparation therefor be approved as therein set forth, and that the officers be directed to prepare and submit from time to time plans and estimates for the development of this Company's system in accordance with that policy.

(Signed) A. A. Marsters, Secretary. (Seal.)

[fol. 5674] X-420, 139

American Telephone and Telegraph Company

The American Telephone and Telegraph Company and Its Relations with and Obligations Toward Wireless Communication

To make wireless communication understandable and to make plain both its possibilities and limitations, the governing conditions and principles, which to the layman are somewhat abstruse, must be explained.

There exists through all space some "ether" or other medium through which can be transmitted light, heat and electrical waves or vibrations or some such movement or activity as has all the manifestations of waves or vibrations.

Broadly speaking, the science of electricity is still undeveloped and unrevealed, but from its manifestations laws or rules of action have been deduced, and its action and effect are calculable.

The wireless telephone and telegraph, or operating radiograph, is the "generation" and "control" of electrical vibrations of great intensity thrown out into space, which seem to proceed in every direction, seem to conform to the curvature of the earth and seem to penetrate most material substances. They spread and fill space as do the waves of sound. Their intensity rapidly diminishes as do sound vibrations, probably in the ratio of the increase of the space filled by them as they pass out and onward, and like any sound, are intense or loud at the source, but fade away

into silence as distance increases, so that at the distant receiving station they are of slight tenuity.

(Signed) A. A. M. (Seal.)

[fol. 5675] X-420, 140

American Telephone and Telegraph Company

2

There is as yet no practical method of deflecting or reflecting these waves as is done with light or sound, and probably because of their great length there never will be.

The existence of these waves has long been known, but until Hertz discovered or invented a practical "detector" it was impossible to convert them into any tangible form. Since then many methods have been discovered, some one or more of which is utilized in the various wireless telegraph systems.

These waves are of different lengths, frequency and intensity; can be controlled so far as impulses or variability are concerned; and can be used for telephonic or telegraphic or signaling purposes.

The wave length and frequency can be availed of to get a certain range of selection, but selection is not secrecy as any receiver can be adjusted to all lengths and frequencies.

The intensity of these radiations is so great that any large number of sending stations erected near each other would seriously interfere with and confuse each other's outgoing transmission and even a small number would absolutely destroy the tenuous incoming vibrations, and all could be destroyed by extremely high tension and high frequency radiation in close proximity.

The nearest thing that can be compared to such a situation is a steam engine blowing off steam at high pressure when someone nearby is trying to converse. Under such

(Signed) A. A. M. (Seal.)

[fol. 5676] conditions conversation is impossible.

X-420, 141

American Telephone & Telegraph Company

3

The most interesting and most useful characteristic of the radio vibrations, those which make possible distant

telephonic communication, are that these vibrations—unlike the electrical speaking vibrations over the wire—retain their peculiar and essential speaking form even to the very faintest activity at the point of actual disappearance or loss to detection, and therefore, when magnified by the telephonic appliances used by the Bell System, the speech is distinct whether it be in distant Honolulu or Hong Kong or Paris or Petrograd.

The great obstacles to dependable usefulness, with commercial possibilities; the causes which confine this great achievement to particular undependable uses, are natural conditions as yet and probably forever uncontrollable.

In space, or through the "ether" and the earth, there seem to be continuous electrical "storms," activities or manifestations, which for the sake of clearness may be called natural disturbances. These natural disturbances are sometimes mild and not very serious, while at other times they are of such intensity and activity as to absolutely nullify and destroy the artificial vibrations of the wireless stations.

For long periods these natural disturbances will continue of sufficient intensity to make it impossible to send the artificial radiographs or at least to receive or detect them. In the midst of these storms there will be lulls or moments of quiet or comparative quiet,

(Signed) A. A. M. (Seal.)

[fol. 5677] X-420, 142

4

and it is at these times that it is possible to use the wireless or radio for telegraphic or telephonic communication. In the quiet moments it is possible to communicate without much effort. In the less quiet moments, by repetition and continuous effort, messages and conversation can be got through. In the moments of great activity all effort is useless.

The coming and going of these natural disturbances are known only by their effect upon the artificial vibrations with which they come in conflict. There are no clouds or prevailing winds, barometer or thermometer to indicate or enable a forecast to be made. They fill or seem to fill all space, and even if their origin and course were determined, would

probably be as uncontrollable as is the water in the midst of a great ocean when in its wildest moments; you might float upon it, but not with confidence.

Wireless telephony can be compared to an attempt to carry on all telephone exchange business over one great conductor connecting every one and over which all telegraph, all artificial electrical disturbance caused by transmission or power lines, and all the natural electrical disturbances were in full play at the same time.

These are the conditions that govern radiograph activity and limit its possibilities.

There are only two ways of carrying on wireless telephony, one by getting far away from all artificial disturbing causes and having only natural disturbances to contend

(Signed) A. A. M. (Seal.)

[fol. 5678] X-420, 143

with, or by the use of one of the limited selectives which have only the interference of the natural disturbances.

American Telephone and Telegraph Company

5

There are however, uses, many and important, probably as many and as important as can attach to any absolutely undependable thing. Distant communication will be possible some of the time. Short-distance communication will be possible sufficiently for communication with isolated places or things not otherwise to be reached.

The American Telephone and Telegraph Company has from its beginning been trying to build up an intercommunicating instrumentality, universal and interdependent, by which every one could reach every other connected with it—a service so well adapted to the use of all and of such great pecuniary and other advantage to all, rendered at a price so well within its value to all and so well within the reach of all, that none are too poor to take advantage of it or too independent to get along without it. This is the Bell System.

Whatever there is to add to this use or to this value or to increase its universality, this Company proposes to develop.

As fast as conditions make it possible, or potential business makes present extensions of prospective value to the

system and to the public, either directly or indirectly, the American Telephone and Telegraph Company will extend, enlarge and amplify its system in every way that scientific research and development make possible and social or

(Signed) A. A. M. (Seal.)

6

144

business demands make desirable.

To this end the American Telephone and Telegraph Company will, so soon as the necessary construction and equipment can be assembled, extend the universality of its system by wireless stations at selected points on the

[fol. 5679] X-420, 144

coast so located as to enable persons and places not able to be connected in any other way to maintain communication with the world through the Bell System.

There have been and will be many statements of what has been done and promises and prophecies as to what can be done, but so far nothing in the way of actual public communication has been done in wireless telephony except through the instrumentalities of this Company, and the probable future of what can be done is subject to the conditions outlined in this statement.

(Signed) A. A. M. (Seal.)

145

I hereby certify that the following is a true and correct transcript of the minutes of a meeting of the Executive Committee of the American Telephone and Telegraph Company held May 28, 1919:

Vice President Thayer reported a plan to proceed with the Commercial developmnt of Ship to Shore telephony by wireless involving an expenditure by different departments of approximately $500,000, and it was

Resolved, that the inception of this extension of the Company's operations be approved and the proposed expenditure be authorized.

(Signed) A. A. Marsters, Secretary. (Seal.)

[fol. 5680] X-420, 146

American Telephone and Telegraph Company

May 22, 1919.

Mr. Vail:

As a result of the wireless telephone work done prior to this country's participation in the war and for the United States and the Allies during the war, the Bell System has, at the present time, a better status in wireless telephony both physically and from a patent standpoint, than any other company or organization. In order, however, that practical results may develop it is necessary that much additional work be done and that it be done promptly; otherwise, it will be undertaken by others and we shall lose the situation which we now occupy. While the existing state of the art in regard to wireless telephony and the prospects of development indicate that such a system cannot successfully compete with wires under ordinary conditions, there are a number of fields where it is either the only practicable system of telephony, or where the peculiar difficulties in providing satisfactory wires may render it the preferred system. Enough has already been done by us to indicate that satisfactory physical results can be accomplished in all of these fields after proper development work has been completed. The art can best be advanced, at the present time, by a combination of practicable operation on a limited scale with extensive laboratory and field development work. By this we should expect to produce and practically demonstrate a commercial operating wireless telephone system giving commercial service up to two hundred miles of radio operation and connected with the toll line system of this Company, and we should also expect, in carrying out this development, to develop and demonstrate much of the art contributory to wireless telephony and telegraphy. We should obtain extensive information on matters important, not only to this art, but to operation in land line working and we would strengthen our patent situation.

The patent rights of this Company in the radio field, both telephony and telegraphy, our people who are qualified to form an opinion, believe to be stronger than those of any other company. They believe that in proceeding without at

present acquiring any further patent rights it runs less risk of infringement of others' patents than any other operating company.

In order to ascertain whether Government control and regulation of radio operation is likely to seriously restrict it, we have had interviews with officers of the Navy and have learned from them that they will be glad to see this Company enter the field and would assist us by the regulation of wave-lengths so as to leave a considerable range of frequencies for radio telephone operation. They would also favorably consider the making of arrangements by which we could use Navy land stations if desired.

H. B. Thayer.

(Signed) A. A. M. (Seal.)

[fol. 5681] X-420, 150

Agreement

Agreement, made this 13th day of June, 1923, by and between Morkrum Company, a corporation of the State of Maine, having an office at 1410 Wrightwood Avenue, Chicago, Illinois, Western Electric Company, Incorporated, a corporation of the State of New York, having an office at 195 Broadway, New York, New York, (hereafter referred to as the "Western Company"), and American Telephone and Telegraph Company, a corporation of the State of New York, having an office at 195 Broadway, New York, New York, (Hereinafter referred to as the "Telephone Company");

Whereas, each of the parties to this agreement owns, controls and has the right to grant certain licenses under certain patents, applications and inventions relating to printing telegraph apparatus and systems, and it is mutually desired to exchange licenses between said parties as hereinafter provided;

Now, therefore, in consideration of the licenses herein granted and agreed to be granted and in consideration of the covenants and agreements herein contained, the parties hereto severally agree as follows:

1. Morkrum Company grants and agrees to grant to the Western Company and to the Telephone Company and

each of them, non-exclusive licenses to make and to cause to be made and to use and sell under all of Morkrum Company's United States patents, applications for United States patents and rights (for the United States) to inventions, relating or applicable to printing telegraph systems or apparatus, (specifically including the patents and applications in the attached list marked "Morkrum List of Patents and Applications") now owned or controlled by Morkrum Company or in respect to which Morkrum Company has the right to grant licenses, provided, however, that so long as the Morkrum Company remains in position

[fol. 5682] X-420, 151

to and does promptly supply to the Western Company and the Telephone Company such printing telegraph apparatus as they may respectively order from the Morkrum Company, (not exceeding the value of $75,000 for delivery in any one calendar month) the said license to make and cause to be made shall not apply to the specific forms or designs of the Morkrum Company's commercial apparatus, the intent being that the Western Company and the Telephone Company acquire no rights hereunder to copy or substantially copy the forms and designs of the Morkrum Company's apparatus except in case of the disability or failure of the Morkrum Company to supply the same as herein contemplated. In the event of the disability or failure of the Morkrum Company to promptly supply apparatus of such quality and in such quantities as the Western Company or the Telephone Company may order or offer to order from it (not exceeding the value of $75,000 for delivery in any one calendar month) and upon as favorable prices and terms as the Morkrum Company's most favorable prices and terms to other customers for similar apparatus in like quantities, said licenses to the Western Company and the Telephone Company shall not be so limited but shall during any such disability and for a period of one year thereafter in each case include the right to make and to cause to be made and to use and sell any and all apparatus including the specific designs of the Morkrum Company, under any and all said patents of the Morkrum Company.

2. Said licenses to the Western Company and the Telephone Company to use and sell are not limited to the use

and sale of apparatus manufactured by the Western Company or the Telephone Company, and except as provided in paragraph 3 hereof said licenses to use and sell extend to and include the right to use and sell printing telegraph apparatus and systems manufactured by anyone, whether manufactured under said patents or in infringement thereof.

[fol. 5683] X-420, 152

In the event of sale or use by the Western Company or the Telephone Company of apparatus manufactured by others than the parties hereto in infringement of Morkrum Company's patents, Morkrum Company reserves the right to proceed against the manufacturers of such apparatus for the recovery of its damages and profits for such infringing manufacture, and for an injunction against further infringement. If any apparatus purchased by the Western Company or the Telephone Company from others shall at any time be determined by final decree of any court of competent jurisdiction to have been manufactured in infringement of the patents of the Morkrum Company, and if the Morkrum Company shall give written notice thereof to the Western Company and the Telephone Company, the Western Company and the Telephone Company will thereafter refrain from making further sales or additional installations of such apparatus manufactured in infringement of the Morkrum Company's patents.

3. The Western Company and the Telephone Company severally grant and agree to grant to the Morkrum Company non-exclusive licenses (except as hereinafter stated) under all their respective United States Patents and applications for United States patents and rights (for the United States) to inventions, relating to printing telegraph systems or apparatus, (specifically including the patents and applications in the attached lists marked "Western Company's List of Patents and Applications," and "Telephone Company's List of Patents and Applications," respectively) now owned or controlled by the Western Company or the Telephone Company or in respect of which the Western Company or the Telephone Company has the right to grant licenses, to make, use and sell, for use only in wire telegraphy for transmitting and receiving messages in the form of words, and for no other purpose,

printing telegraph transmitting and receiving apparatus and printing telegraph systems, (including synchronizing apparatus and Multiplex distributors) except that no rights

[fol. 5684] X-420, 153

are granted or agreed to be granted to the Morkrum Company in respect of the following kinds of systems or for the sale or use of printing telegraph apparatus, or any apparatus, for use in any such systems, namely:

(a) Radio telegraph systems,

(b) Carrier-current or so-called "guided wave" or "Wired wireless" systems,

(c) Ciphering and deciphering systems of the type exemplified by the following U. S. patents:

No.	Inventor	Issued
1,210,719	G. S. Vernam	July 22, 1919
1,320,908	R. D. Parker	Nov. 4, 1919
1,356,546	L. F. Morehouse	Oct. 16, 1920
1,415,106	L. F. Morehouse	May 9, 1922
1,416,765	G. S. Vernam	May 23, 1922
1,426,669	R. E. Pierce	Aug. 22, 1922

(d) Transmission of pictures,

(e) Forking or extension systems of the type exemplified by U. S. patent to Rainey, No. 1,407,042, dated February 21, 1922.

It is understood, however, that nothing herein contained shall be construed as implying any agreement by the Morkrum Company to refrain from the manufacture, use or sale of any apparatus for the uses above referred to, if no patented inventions of the Western Company or the Telephone Company are involved.

4. Each of the parties to this agreement hereby releases and forever discharges each of the other parties, and all purchasers and users of apparatus heretofore furnished by such other parties or either of them, from all claims, demands and rights of action on account of any past infringement or alleged infringement (in the manufacture, use or sale of the specific apparatus so furnished) of any of the patents under which licenses are herein granted or agreed to be granted by said parties, respectively.

[fol. 5685] X-420, 154

5. All licenses herein granted and agreed to be granted are for the entire terms of the respective patents, and said licenses are free of royalty or other payment.

176

American Telephone and Telegraph Company

August 14, 1925.

Western Electric Company, Incorporated, 195 Broadway, New York, N. Y.

GENTLEMEN: We have examined the proposed contract dated August 14, 1925, between Western Electric Company, Incorporated, International Telephone and Telegraph Company and International Western Electric Company, Incorporated, and the Supplemental Contract therein referred to as Exhibit A, between Western Electric Company, Incorporated, and International Western Electric Company, Incorporated, copies of which are hereto attached and will be referred to in this letter as the "proposed contracts."

Under the existing relations between American Telephone and Telegraph Company and Western Electric Company, Incorporated, which have continued for many years, it has been the practice for Western Electric Company, Incorporated, to acquire all rights in foreign countries to inventions produced by employees of the American Telephone and Telegraph Company who are engaged in development work, a small consideration being paid to the inventor, in such cases.

177

A formal contract is to be entered into between American Telephone and Telegraph Company and Western Electric Company, Incorporated, covering the acquisition by Western Electric Company, Incorporated, of foreign rights to inventions which may be acquired by American Telephone and Telegraph Company, but it may be impracticable to have such an agreement prepared and executed

prior to the execution of said proposed contracts.

It is, however, agreed at this time, in consideration of your execution of said contracts and for the benefit of the parties thereto, that:

(1) American Telephone and Telegraph Company will, during the time said proposed contracts or either of them shall remain in force, grant to Western Electric Company, Incorporated, rights in respect of all foreign patents and foreign rights to inventions which are now owned or which may hereafter be acquired by American Telephone and Telegraph Company; such rights to be of the same character and scope as the rights which Western Electric Company, Incorporated, will be obligated to grant, in respect of its own patents and inventions, to International Western Electric Company, Incorporated, under said proposed contracts.

(2) In contracts of employment which the American Telephone and Telegraph Company may hereafter make with its regular employees it will, insofar as provision is made for the acquisition of patent rights to the inventions of such employees, provide also for the acquisition of all rights of the character and scope referred to in the fore-

going paragraph 1, in respect of said inventions of employees.

(3) With respect to inventions as to which the American Telephone and Telegraph Company is now or may become entitled to patent rights for the United States under existing contracts with such employees, the American Telephone and Telegraph Company will use its best endeavors to acquire for Western Electric Company, Incorporated, as in the past, all rights of the character and scope referred to in the foregoing paragraph 1.

(4) In cases where special agreements are made with experts or inventors who are not regularly employed but are retained for special work which may result in inventions, and where such agreements provide for assignment

of any rights to such inventions, such experts or inventors shall not be regarded as employees within the meaning of the foregoing provisions; but in all such cases unless such agreements shall cover rights to such inventions of the

X-420, 178

[fol. 5687] character and cope referred to in the foregoing paragraph 1, we will give you notice of such agreements, to the end that the parties to the proposed contracts may, if they so desire, negotiate with the persons so specifically retained for foreign rights to such inventions.

Yours very truly, W. S. Gifford, President.

179

Agreement

This agreement, made this 6th day of October, 1925, between Automatic Electric Company, an Illinois corporation, hereinafter called the Automatic Company, party of the first part, and American Telephone and Telegraph Company, a New York corporation, hereinafter called the Telephone Company, and Western Electric Company, Incorporated, a New York corporation, hereinafter called the Western Company, parties of the second part, witnesseth:

Whereas, the Automatic Company and the Western Company have with the consent of the Telephone Company heretofore exchanged certain licenses under their respective United States patents, applications for patents and inventions: and it is mutually desired to exchange further licenses as herein provided:

Now, therefore, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree as follows:

1. The Automatic Company hereby grants and agrees to grant to Western Company and to the Telephone Company, and each of them, and to their respective successors in business, non-exclusive licenses to make and to cause to be made and to use and to sell for use only in the continental United States by the Telephone Company and the Associated Companies now or hereafter comprising the Bell

[fol. 5688] System and their controlled connecting Companies, and for use in Alaska by anyone, any and all apparatus, systems and devices, under all patents, applications for patents and inventions now owned or during the term of this agreement acquired by the Automatic Company or under which it has or may, during the term of this agreement, acquire the right to grant licenses.

180

2. The Western Company and the Telephone Company hereby severally grant and agree to grant to the Automatic Company and its successors in business non-exclusive licenses to make and cause to be made and to use and sell for use only in the continental United States and Alaska automatic and semi-automatic telephone switching systems and telephone switching apparatus and devices, of the designs and types which have heretofore been made and sold by the Automatic Company for the Independent telephone trade; this license being granted under each; any and all of the patents, applications for patents and inventions covering said systems, apparatus and devices, which are now owned or which may during the term of this agreement be acquired by the Western Company or the Telephone Company or under which they or either of them have or may during the term of this agreement acquire the right to grant such licenses.

3. All licenses herein granted and agreed to be granted by either party to the other are for the entire terms of the respective patents, notwithstanding any termination of this agreement in other respects, and are free of royalty or other payment. Said licenses are granted only under United States patents and no rights are herein granted or agreed to be granted to either party for sales for use in territory other than the continental United States and Alaska; but nothing herein contained shall be construed as a limitation of or in derogation of rights or licenses heretofore granted by either party to the other, and nothing herein contained shall be construed as an agreement by either party to refrain from any manufacture, use or sale of any apparatus or thing outside the territory or scope [fol. 5689] of the licenses herein granted. In case of any

manufacture, use or sale by either party not covered by the licenses herein granted or agreed to be granted to such party, it shall not be estopped to dispute or contest the validity and scope of any patent or patents under which it is licensed by or under this agreement, and in case of any action, suit or other proceeding by either party on account of any manufacture, use or sale of any apparatus or thing outside the territory or scope of said licenses, the party against whom such action, suit or proceeding is brought shall be free to interpose any and all defenses, to the same extent and with the same force and effect as though this agreement had never been made.

4. Each of the parties hereto agrees that it will so far as practicable make contracts with all its employees who are engaged in engineering or inventive work, or work in connection with which inventions are likely to be made, whereby said employees will agree to assign to the party by which they are employed rights to any and all inventions and improvements which have been or may be made by said employees in the line of their respective employment, to the end that all such inventions shall be included in the licenses herein granted and agreed to be granted.

5. The Automatic Company hereby releases the Western Company and the Telephone Company and the Associated Companies of the Bell System and all purchasers and users of apparatus heretofore furnished by the Western Company or the Telephone Company or either of them, from all claims, demands and rights of action on account of any infringement or alleged infringement of any United States patent or patents, by reason of the manufacture or sale of said apparatus so heretofore furnished or by reason of any past or future use or resale thereof.

6. The Western Company and the Telephone Company hereby severally release the Automatic Company and all [fol. 5690] purchasers and users of apparatus heretofore

furnished by the Automatic Company, from all claims, demands and rights of action on account of any infringement

or alleged infringement of any United States patent or patents, by reason of the manufacture or sale of said apparatus so heretofore furnished or by reason of any past or future use or resale thereof.

7. The reciprocal provisions of this agreement as to granting licenses under inventions hereafter made, upon which applications may be filed and patents may issue, shall not extend to or include patents, applications for patents or inventions acquired by the respective parties after December 31, 1929.

In witness whereof the parties hereto have caused this instrument to be executed by their proper officers, thereunto duly authorized, the day and year first above mentioned.

Automatic Electric Company, by (Signed) H. L. Gary, President. Attest: (Signed) Walter I. Patton, Secretary. Western Electric Company, Incorporated, by (Signed) H. A. Halligan, Vice President. Attest: (Signed) H. B. Gilmore, Secretary. American Telephone & Telegraph Company, by (Signed) W. S. Gifford, President. Attest: (Signed) A. A. Marsters, Secretary.

[fol. 5691] X-420, 205

This license agreement, made this 17th day of July, one thousand nine hundred and twenty-eight by and between Stromberg-Carlson Telephone Manufacturing Company, a corporation of the State of New York, having an office at Rochester, New York (hereinafter referred to as Stromberg-Carlson Company), Western Electric Company, Incorporated, a corporation of the State of New York, having an office at 195 Broadway, New York, New York (hereinafter referred to as Western Company), and American Telephone and Telegraph Company, a corporation of the State of New York, having an office at 195 Broadway, New York, New York (hereinafter referred to as Telephone Company), Witnesseth:

In consideration of the Mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Stromberg-Carlson Company hereby grants and agrees to grant to Western Company and Telephone Com-

pany and their successors in business non-exclusive, non-assignable licenses to make, to have made for them, to use and to sell throughout the United States, the inventions set forth in the following applications for Letters Patent of the United States, namely:

Serial No.	Filing date	Inventor	Case No.	Subject
753,141	12- 1-24	Levis	144	Manual Tel. Systems
(Pat. 1,678,068) 77,197	12-23-25	Levis	164	" " "
136,870	9-21-26	Levis	175	" " "

[fol. 5692] X-420, 206

under all Letters Patent (and all reissues or extensions thereof) granted or to be granted upon said applications or any of them or upon any division, continuation or renewal thereof.

2. Western Company hereby grants to Stromberg-Carlson Company and its successors in business a non-exclusive, non-assignable license under Letters Patent No. 1,275,469, granted August 13, 1918 for Flexible Conductors invented by Albert Pruessman, and under any reissues or extensions thereof, to make, to have made for it, to use and to sell throughout the United States but only for telephone purposes, i. e., in connection with or as part of telephone exchange systems or of apparatus for use therein, including substation apparatus.

3. Telephone Company hereby grants to Stromberg-Carlson Company and its successors in business a non-exclusive, non-assignable license to make, to have made for it, to use and to sell throughout the United States under Letters Patent No. 1,620,733, granted March 15, 1927 for Telephone Systems invented by F. S. Nelson, and under any reissues or extensions thereof.

4. Each of the parties to this Agreement hereby releases and forever discharges each of the other parties and all purchasers and users of the apparatus heretofore furnished by such other parties, or either of them, from all claims, demands and rights of action on account of any acts of past infringement or alleged infringement of the patents under which the licenses are herein granted or agreed to be granted by the herein parties respectively, insofar as such acts if occurring subsequently to the date of this

agreement would have been within the licenses herein granted.

5. All licenses herein granted or agreed to be granted

[fol. 5693] X-420, 207

are for the entire terms of the respective patents and said licenses are free of royalty or other payment.

In witness whereof the parties hereto have caused this instrument to be executed by their respective officers thereunto duly authorized the day and year first above written. Stromberg-Carlson Telephone Manufacturing Company by (Signed) W. Berg McCanne, President. Attest: (Signed) W. N. Angle, Secretary. Western Electric Company, Incorporated, by (Signed) Geo. C. Pratt, Vice President. Attest: (Signed) E. R. Finch, Assistant Secretary. American Telephone and Telegraph Company, by (Signed) C. M. Bracelen, Vice President. Attest: (Signed) A. A. Marsters, Secretary.

[fol. 5694] X-420, 208

A true and complete copy.
Attest:

(Signed) A. A. Marsters, Secretary.

Western Electric Company, Incorporated, Telephone and Telegraph Building, 195 Broadway, New York

Edgar S. Bloom, President

June 12, 1928.

Mr. W. S. Gifford, President American Telephone & Telegraph Company, 195 Broadway, New York City.

Dear Mr. Gifford: Attached hereto is a memorandum outlining the plan for the sale of the Graybar Electric Company. The Board of Directors of this Company are unanimous in their opinion that the plan outlined is the only practical method of effecting a sale of the Graybar Company.

The sale could not be made to the Graybar employees without the option arrangement under which they, who are the only purchasers we have been able to find, may at any time up to the end of five years return the property and receive their money back with six per cent interest.

Moreover, we believe it would not be sound policy to make the sale without the option, and the directors of this Company would be unwilling to recommend it, even though the Graybar employees would agree to purchase on that basis. We could not properly ask our employees to purchase the Company and assume a business risk that might

(Seal.)

[fol. 5695] X-420, 209

turn out to their serious financial disadvantage. The result of such an outcome of the sale would be so far reaching on the morale of Western Electric employees that the alternative of liquidating would be the only one we could adopt.

Very truly yours, (Sgd.) Edgar S. Bloom, President.

(Signed) A. A. M. (Seal.)

Enc.
O.

[fol. 5696] X-420, 210

Proposed Sale of Graybar Electric Company

June 6, 1928.

The sale of the Graybar Electric Company has been under consideration for the past two years. Various plans have been under discussion and about a year ago an endeavor was made to interest J. P. Morgan & Company in the matter. Messrs. Whitney and Ewing of that firm went into the situation with the Executives of the Graybar Company and the President of the Western Electric Company, and finally decided that they would not be interested in handling the sale as, in their opinion, it did not seem that there was much to be sold in the way of a going concern without certain assurances; which could not be given. This conclusion was reached after a frank discussion of the situation and a full disclosure to Messrs. Whitney and Ewing

of the character of the Graybar business and its contractual relationships.

The conclusion reached by Messrs. Whitney and Ewing, in which the Graybar Executives and the President of the Western Electric Company concurred, was based on the following:

1. No assurance could be given that the Graybar Company would continue to distribute telephone apparatus, particularly central office switchboards, for the Western Electric Company. It was impossible to give such an assurance as we could not foreclose ourselves against withdrawing telephone apparatus from sale by the Graybar Company in the event that Bell System developments should indicate that it would be wise to take such action.

(Signed) A. A. M. (Seal.)

[fol. 5697] X-420, 211

2. An existing contract between the General Electric Company and the Graybar Company, covering sale of power apparatus to the amount of about $6,000,000 annually, was subject to cancellation in the event the Western Electric Company relinquished its control of the Graybar Company, and there was no possibility of securing consent of the General Electric Company to the transfer of the contract to the Graybar Company as an independently owned concern.

3. A substantial portion of the Graybar sales of general electrical supplies is the result of its close relationship with the Western Electric Company. The large purchasing power of the Western Electric Company has been an important influence in securing for the Graybar Company certain contracts to act as distributors for manufacturers from whom the Western Electric Company makes large purchases. Furthermore, important Graybar sales have been influenced by its relationship to the Western Electric Company. This is particularly true in connection with sales to the railroads; in which cases the Western Electric Company, as a large shipper, was an important influence in directing purchases to the Graybar Company.

Further consideration seemed to indicate that one of two courses were open to us—liquidation of the Company or the

development of a plan which would enable the Graybar employees to purchase the Company.

As in our judgment the Company could only be liquidated for an amount substantially below its fair value, I discussed with the Graybar executives the possible sale of the Company to the Graybar employees. They were of the opinion that the General Electric Company might favorably consider continuing the power apparatus contract with the

(Signed) A. A. M. (Seal.)

[fol. 5698] X-420, 212

Graybar employees in control of the Company. The Graybar executives accordingly discussed the matter with Mr. Gerard Swope, President of the General Electric Company, to determine whether there was any basis on which the General Electric Company would agree to the transfer of the Power Apparatus contract to the Graybar Company in the event that the control of the Graybar Company was transferred to the Graybar employees. As a result of this discussion Mr. Swope made the following proposition:

1st. He would arrange to secure financial backing to aid the Graybar employees in purchasing the Company, provided it could be purchased for not to exceed the asset value.

2nd. He would arrange for the continuation of the General Electric Power Apparatus contract with the Graybar Company so long as the control of the Company remained with the employees.

Following this proposal the matter was under consideration with the Graybar Executives for nearly a year and a plan for the sale has been agreed upon as follows:

1. Rearrange Graybar financial structure. $15,000,000 par value common stock now outstanding to be reduced to $3,000,000 par value outstanding stock and $6,000,000 7% 10 year serial notes to be issued to the Western Electric Company.

2. Graybar Management Corporation to be organized. Stock to be held entirely by employees of the Graybar Electric Company and paid for in instalments over a period of five years, with the privilege of paying all or part of the balance due on April 1st of any year. Through Mr. Swope,

Graybar Management Corporation will borrow a sufficient amount to provide a total of $3,000,000 including the original instalments paid in by employees of the Graybar Com-

(Signed) A. A. M. (Seal.)

[fol. 5699] X-420, 213

pany who subscribe to Management Corporation stock.

Graybar Management Corporation will purchase on August 1, 1928, for $3,000,000 cash, the outstanding stock of the Graybar Electric Company, totalling $3,000,000, par value. The net result of this is that we will receive a total of $9,000,000 for the property ($3,000,000 cash and $6,000,000 7% 10 year notes). In addition, the Graybar Electric Company will assume a pension obligation of the Western Electric Company to Graybar employees, amounting to approximately $1,000,000. By contract, when the Graybar Company was formed on January 1, 1926, the Western Electric Company assumed the accrued pension liability to that date of Western Electric Employees transferred to the Graybar Company. Including this liability, of which Western Electric Company is relieved, the purchase price is $10,000,000, which compares with the net book value of the property on March 1, 1928 of $8,858,000 (See statement attached).

4. Management Corporation shall have the option, any time after two years from August 1, 1928, and up to five years from that date, to resell the Graybar stock to the Electrical Research Products Company, in the event that the Management Corporation considers the Graybar stock an unattractive investment, at a price which will enable the Management Corporation to pay to each subscriber an amount equal to what he has paid on his stock subscriptions, plus interest at 6% per annum, compounded quarterly, less dividends received with interest thereon compounded quarterly. So long as notes to the Western Electric Company are outstanding, Electrical Research Products Company will share in Graybar earnings on the following basis:

(Signed) A. A. M. (Seal.)

[fol. 5700] X-420, 214

At the close of each year there will be deducted from the Graybar net earnings interest and an amount equivalent to

15% on the Graybar stock. Electrical Research Products Company will receive 60% of that balance, this percentage being reduced pro rate as the notes are paid off, i. e., 1% for each $100,000 note retired.

5. So long as any notes to the Western Electric Company are outstanding and so long as the option runs to the Management Corporation to have the Electrical Research Products Company repurchase the Graybar stock, the following conditions obtain:

(a) The Graybar Company shall not declare or pay any dividends in excess of 7% per annum except with the approval of the President of the Western Electric Company.

(b) The Graybar Company shall not borrow any money except with the approval of the President of the Western Electric Company.

(c) Undistributed net earnings not required in the ordinary conduct of the business to be applied to payment of notes.

(d) The business to be conducted in the usual, normal way, as at present, any change in policy, etc. to be first approved by the President of the Western Electric Company.

(e) Several other provisions, protective in their nature to the Western Electric Company, such as: Salary increases above $3,000 per year, increase in bonus payments, changes in accounting system, etc., may only be made with the ap-

(Signed) A. A. M. (Seal.)

proval of the President of the Western Electric Company.

[fol. 5701] X-420, 215

This seems to be the only practicable way in which we can realize an amount even approaching the fair value of our Graybar investment. Should we liquidate the company, in my judgment, it will be difficult to even realize $6,000,000, as during liquidation with a declining business, expenses would increase out of all proportion to the business done.

We would face the serious problem of determining our obligation to the 2,000 Graybar employees, of whom nearly 400 (20%) have a service record of fifteen years or more, and half that number 20 years or more. Some few could

undoubtedly be absorbed in our organization, but we would still have a serious problem to face.

The Company has 66 building leases, many of which involve rentals in excess of $10,000 per year, running as follows:

Less than 5 years to run	25
5 to 10 years to run	34
Over 10 years to run	7
Total	66

We would undoubtedly sustain substantial losses in the disposal of these leases. Furthermore, the Company has continuing contracts for distribution of products. These contracts could probably be cancelled without cost to the Graybar Company except in two cases which have three years to run, and their cancellation will involve a total penalty of $500,000.

Referring to the statement attached hereto "Analysis of Graybar Sales and Profits for the year 1927," the net profits on General Electric business amount to $450,000. About half of this is power apparatus covered by the contract previously referred to, which is only transferrable

(Signed) A. A. M. (Seal.)

[fol. 5702] X-420, 216

with the consent of the General Electric Company. Telephone apparatus and lead covered cable cover Western Electric manufactured products.

While the Graybar Company is by contract the sales agent for Western Electric products in the United States to the general trade, that contract is being modified, in connection with the proposed sale, so that the Western Electric Company may, in its judgment, withdraw any item from the contract. It is thoroughly understood by the officials of the Graybar Company that, so long as good faith is exercised the Western Electric Company may, in its interest, or in the interest of the Bell System, withdraw every item from the contract.

(Sgd.) Edgar S. Bloom.

6/7/28.

(Signed) A. A. M. (Seal.)

[fol. 5703] X-420, 217

Graybar Book Assets, March 31, 1928

Plant		$1,317,000
Merchandise, Materials & Supplies		3,893,000
Receivables		6,403,000
Other Current Assets		3,971,000
Total		$15,584,000
Deduct:		
Current Liabilities	$5,478,000	
Reserve for Depreciation	1,073,000	
Reserve for Pensions	175,000	
		6,726,000
Net book assets		$8,858,000

Analysis of Graybar Sales and Profits for the Year 1927

Telephone Apparatus	$6,286,000	$1,880,000
Lead Covered Cable	2,734,000	465,000
General Electric	11,766,000	1,882,000
Supplies	47,926,000	6,671,000
Total	$68,712,000	$10,898,000

After deducting the overhead expenses, cost of distribution, etc., the net profits amounted to $1,633,000

(Signed) A. A. M. (Seal.)

[fol. 5704] X-420, 218

This agreement, made this 11th day of September, 1930, between American Telephone and Telegraph Company, a New York corporation (hereinafter called Telephone), and Sterling Morton, of Chicago, Illinois (hereinafter called Morton), witnesseth:

Whereas, Morton represents that the holders of all of the common stock of Teletype have agreed to sell the Teletype stock owned by them and have deposited such stock with The Chase National Bank of the City of New York

to be held for transfer in accordance with the terms of this agreement and the holders of fifty-one (51%) per cent of the preferred stock of Teletype have agreed to sell the Teletype stock owned by them and have deposited such stock with The Chase National Bank of the City of New York to be held for transfer in accordance with the terms of this agreement; and Telephone is prepared to purchase, after the above matters have been consummated, within the time and upon the terms hereinafter set forth, all but not less than all of the outstanding common stock of Tele-

[fol. 5705] X-420, 219

type and not less than fifty-one per cent (51%) (and as much more as shall be offered) of the outstanding preferred stock of Teletype;

220

3. Morton represents to Telephone, and Telephone's purchase of the stock of Teletype shall be contingent upon the following:

(a) That the balance sheets and earnings statements of Teletype attached hereto, showing conditions as of December 31, 1929, April 30, 1930, and July 31, 1930, are true and accurate statements, and Morton represents that Frazer & Torbet, of Chicago, Illinois, certified public accountants, have certified that such statements are correct and represent the financial condition of Teletype as of the dates thereof and that on said dates there were no liabilities, contingent or otherwise, not appearing on said balance sheets and earnings statements, except such as have accrued under the plan for additional compensation to its officers and employees;

[fol. 5706] X-420, 286

Teletype Corporation

Balance Sheet, April 30, 1930

Assets:

Current Assets:

Cash and Marketable Securities	$2,126,520.59
Accounts Receivable—Trade	962,536.29
Inventories	1,910,421.21
Total Current Assets	$4,999,478.09

Fixed Assets:	
Land and Buildings	$1,404,996.02
Machine Tools	1,207,228.88
Furniture & Fixtures	78,179.28
Patents	217,379.56
Total Fixed Assets	$2,907,783.74
Other Deferred Charges	39,233.56
	$7,946,495.39
Liabilities and Capital Stock:	
Liabilities:	
Unmatured Mortgages on Property Purchased	$80,916.70
Accounts Payable	216,123.42
Taxes, etc	154,420.30
Total	$451,460.42
Reserve	336,414.15
Capital Stock:	
Preferred—13,979 shares	$1,397,900.00
Common and Surplus Represented by 150,000 Shares No Par Value Stock	5,760,720.82
	$7,946,495.39

[fol. 5707]

X-420-287

Teletype Corporation

Balance Sheet as at December 31, 1929

Assets

Current Assets:				
Cash				$674,002.40
Call Money and Marketable Securities				1,002,534.13
Accounts Receivable				829,602.55
Inventories:				
Raw Material			$269,743.59	
Finished Units			291,663.88	
Test Units			248,749.72	
Parts Stores			674,522.79	
Consignments			75,498.86	
Work in Process			800,654.25	
Supplies			46,259.55	
Total Inventories				2,407,092.64
Total Current Assets				$4,913,231.72
Fixed Assets:	Cost	Depreciation	Net	
Land			$307,943.32	
Real Estate and Improvements	$4,945.50	$259.98	$4,685.52	
Buildings	1,098,946.36	25,852.40	1,073,093.96	
Machinery	952,665.42	103,188.27	849,477.15	
Building Equipment	23,523.02	9,528.82	13,994.20	
General Tools	98,428.52	48,108.15	50,320.37	
Special Tools	435,960.74	173,934.88	262,025.86	
Furniture and Fixtures	73,729.41	12,223.48	61,505.93	
Cost	$2,688,198.97			
Depreciation Reserve		$373,095.98		
Depreciated Value			$2,315,102.99	
Total Fixed Assets (Net Book Value)				2,623,046.31

Deferred Charges:		
Patents	$389,878.53	
Less: Amortization Reserve	171,361.24	
Net Book Value	218,517.29	
Unaudited Expense	11,429.21	
Unexpired Insurance	27,817.69	
Bond Advances	5,300.00	
Advances to Employees	926.36	
Other Charges	4,198.44	
Total Deferred Charges		268,188.99
		$7,804,467.02

[fol. 5708]

Teletype Corporation

Balance Sheet as at December 31, 1929

Liabilities and Net Worth

Current Liabilities:			
Notes Payable			$112,583.34
Accounts Payable			148,961.12
Provision for Federal Tax			474,197.37
Accrued Payroll			30,459.34
Accrued Taxes			10,820.30
Credit Balances—Accounts Receivable			161.25
Accrued Auditing Expense			2,400.00
Dividends Payable			150,000.00
Provision for Additional Compensation			541,366.17
Total Current Liabilities			$1,470,948.89
Net Worth:			
Preferred Stock:			
Authorized—15,000 Shares.			
Outstanding—13,979 Shares, Par Value		$1,397,900.00	
Common Stock:			
Authorized and Outstanding 10,000 Shares—No Par Value.			
Paid in Value		1,500,000.00	
Surplus—January 1, 1929	$1,687,589.49		
Net Profit for 1929	$3,827,004.00		

Less Dividends Declared:				
Common Stock	$1,382,884.70			
Cash	697,853.00			
	$2,080,737.70			
Balance to Surplus		1,746,266.30		
		$3,433,855.79		
Plus: Addition for Prior Period		1,762.34		
Surplus December 31, 1929			3,435,618.13	
Net Worth				6,333,518.13
				$7,804,467.02

[fol. 5709] X-420, 288

Teletype Corporation

Balance Sheet as of July 31, 1930, and December 31, 1929

Figures appearing in red in the original are preceded by a red line in this copy A. A. Marsters.

Assets

	July 31, 1930	December 31, 1929	Increase —Decrease
Current Assets:			
Cash	1,526,613.81	624,002.40	902,611.41
Accounts Receivable	640,831.83	829,441.30	—188,609.47
Accounts Receivable Other	9,468.85	926.36	8,542.49
Notes Receivable	100,000.00	50,000.00	50,000.00
Investments	1,672,389.07	1,002,534.13	669,854.94
Investments in Associated Companies	187,501.00		187,501.00
	4,136,804.56	2,506,904.19	1,629,900.37
Inventories:			
Raw Material	171,809.69	269,743.59	—97,933.90
Finished Units	339,900.10	291,663.88	48,236.22
Test Units	307,791.74	248,749.72	59,042.02
Parts Stores	227,762.25	674,522.79	—446,760.54
Consignments	69,258.75	75,498.86	—6,240.11
Work in Process	590,205.26	800,654.25	—210,448.99
Supplies	46,259.55	46,259.55	
Total Inventories	1,752,987.34	2,407,092.64	—654,105.30
Total Current Assets	5,889,791.90	4,913,996.83	975,795.07
Fixed Assets:			
Land	307,943.32	307,943.32	
Real Estate Improvements	4,397.05	4,685.52	—288.47
Buildings	1,118,885.99	1,073,093.96	45,792.03
Machinery	824,195.88	849,477.15	—25,281.27
Building Equipment	18,186.98	13,994.20	4,192.78
General Tools	43,280.90	50,320.37	—7,039.47
Special Tools	359,092.19	262,025.86	97,066.33
Furniture & Fixtures	59,149.12	61,505.93	—2,356.81
Net Fixed Assets	2,735,131.43	2,623,046.31	112,085.12
Deferred Charges:			
Patents	408,501.75	389,878.53	
Less Amortization Reserve	191,844.93	171,361.24	
Net Book Value	216,656.82	218,517.29	—1,860.47
Unaudited Vouchers	16,153.24	11,429.21	4,724.03
Unexpired Insurance	30,451.93	27,817.69	2,634.24
Bond Advances	412.50	5,300.00	—4,887.50
Other Charges	3,495.02	4,198.44	—703.42
Total Deferred Charges	267,169.51	267,262.63	—93.12
	8,892,092.84	7,804,305.77	1,087,787.07

[fol. 5710] Teletype Corporation

Balance Sheet as of July 31, 1930, and December 31, 1929

Figures appearing in red in the original are preceded by a red line in this copy
A. A. Marsters

Liability & Net Worth

		July 31, 1930	December 31, 1929	Increase — Decrease
Current Liabilities:				
Unmatured Mortgages on Property Purchased		79,666.72	112,583.34	−32,916.62
Accounts Payable		111,170.13	148,961.12	−37,790.99
Provision for Income Tax		238,309.87	474,197.37	−235,887.50
Provision for Auditing		505.00	2,400.00	−1,895.00
Payroll		54,726.58	30,459.34	24,267.24
Additional Compensation		36,414.15	541,366.17	−504,952.02
Dividends Payable		150,000.00	150,000.00	
Taxes Accrued		10,328.02	10,820.30	−492.28
Total		681,120.47	1,470,787.64	−789,667.17
Over Distributed O. H.		61,039.38		61,039.38
Net worth:				
Capital Stock Preferred		1,397,900.00	1,397,900.00	
Capital Stock Common		1,500,000.00	1,500,000.00	
Surplus Beginning	3,435,618.13	2,897,900.00	2,897,900.00	
			3,435,618.13	
Profits before Income Tax:				
January	413,248.05			
February	259,753.88			
March	395,460.49			
April	431,624.04			
May	453,257.78			
June	561,909.36			
July	396,470.98			
	2,911,724.58			
Spls. Addns.	3,616.78			
	2,915,341.36			
Div. Paid	1,098,926.50			
	1,816,414.86			
Surplus Ending		5,252,032.99		
New Worth		8,149,932.99	6,333,518.13	1,816,414.86
		8,892,092.84	7,804,305.77	1,087,787.07

[fol. 5711] EXHIBIT X-420

Pages 218-283, inclusive. This is the contract between Sterling Morton and the American Telephone & Telegraph Company covering the purchase of the stock of Teletype Corporation, which, together with the attachments, comprises approximately 70 pages, from which the above excerpts alone are taken. The contract provides that Martin shall attempt to enter into contracts with Creed & Company and International Investment Company in the forms

attached to the contract. These forms are attached to the contract in this exhibit and cover the exploitation of the products of the Teletype Corporation in the foreign field.

[fol. 5712] X-420, 289

Agreement

This agreement, made this 24th day of May, 1927, between Automatic Electric Inc., a Delaware corporation, American Telephone and Telegraph Company, a New York corporation, and Western Electric Company, Incorporated, a New York corporation, witnesseth:

Whereas, Automatic Electric Company, an Illinois corporation, and said American Telephone and Telegraph Company, and said Western Electric Company, Incorporated, heretofore entered into a certain agreement in writing dated the 6th day of October, 1925 providing for the exchange of certain licenses as in said agreement set forth; and

Whereas, the said Automatic Electric Company thereafter changed its name to Automatic Electric Securities Company, and by an agreement in writing dated the 30th day of June, 1926 between the said Automatic Electric Securities Company and said Automatic Electric Inc. and said American Telephone and Telegraph Company and said Western Electric Company, Incorporated, the said Automatic Electric Securities Company assigned to said Automatic Electric Inc. all its right, title and interest in, to and under said agreement dated October 6, 1925, and said Automatic Electric Inc. has thereby been substituted for said Automatic Electric Securities Company as party of the first part in said agreement of October 6, 1925; and

Whereas, by said agreement of October 6, 1925, in Section 7 thereof, it was agreed that the reciprocal provisions of said agreement as to granting licenses should not extend

[fol. 5713] X-420, 290

to or include patents, applications for patents, or inventions acquired by the respective parties after December 31, 1929; and

Whereas, it is now mutually desired to extend said agreement to include within the exchange of licenses therein provided for, patents, applications for patents, and inventions which may be acquired by the parties hereto respec-

tively during a further period beyond that covered by said agreement of October 6, 1925.

Now, therefore, in consideration of the premises and of the mutual agreements herein contained, the parties hereto agree that the provisions of said agreements of October 6, 1925 and June 30, 1926 as to the reciprocal grant of licenses shall extend to and include all United States patents, applications for United States patents, and rights for the United States in respect of inventions, (so far as the same relate to the subject matter of the licenses therein agreed to be granted) which may be acquired by the parties hereto respectively until and including December 31, 1936, which date is hereby substituted, in Section 7 of said agreement of October 6, 1925, for the date December 31, 1929 therein written; and each of the parties hereto hereby grants and agrees to grant licenses of the character and scope and for the same territory and subject to the same terms, conditions and limitations as expressed in said agreements, under all such patents, applications for patents and rights which are now owned or which may hereafter until and including December 31, 1936 be acquired by said parties, respectively; said licenses to be for the entire terms of the respective patents issued and to be

[fol. 5714] X-420, 291

issued for said inventions, and all renewals, reissues and extensions thereof.

In witness whereof the parties hereto have caused this instrument to be executed by their respective proper officers thereunto duly authorized, and their respective corporate seals to be hereto affixed as of the day and year first above written.

Automatic Electric Inc., by H. L. Gary, President. Attest: Joseph P. Hauck, Ass't Secretary. American Telephone and Telegraph Company, by W. S. Gifford, President. Attest: A. A. Marsters, Secretary. Western Electric Company, Incorporated, by Edgar S. Bloom, President. Attest: H. B. Gilmore, Secretary.

[fol. 5715] EXTRACTS FROM EXHIBIT X-421

Western Electric Sheets Furnished in Connection with Gregory Exhibits 1 and 7 in Ohio Case

[fol. 5716]

X-421, P. 1

#55

11/11/31

Division of Western Electric Company Sales for 1928, 1929, and 1930 of Telephone Apparatus, Lead Covered Cable and Supplies to the Illinois Bell Telephone Company Between Chicago and State

(Dollars in Thousands)

	1928	Per Cent of Total	1929	Per Cent of Total	1930	Per Cent of Total
Total:						
Telephone Apparatus	$12,779	61.1	$13,326	59.8	$14,634	61.4
Lead Covered Cable	3,212	15.4	2,708	12.1	2,746	11.5
Supplies	4,901	23.5	6,255	28.1	6,468	27.1
	20,892	100.0	22,289	100.0	23,848	100.0
Chicago:						
Telephone Apparatus	7,720	59.5	9,537	64.0	9,118	60.2
Lead Covered Cable	1,801	13.9	1,336	9.0	1,409	9.3
Supplies	3,456	26.6	4,013	27.0	4,617	30.5
	12,977	100.0	14,886	100.0	15,144	100.0
State:						
Telephone Apparatus	5,059	63.9	3,789	51.2	5,516	63.4
Lead Covered Cable	1,411	17.8	1,372	18.5	1,337	15.3
Supplies	1,445	18.3	2,242	30.3	1,851	21.3
	7,915	100.0	7,403	100.0	8,704	100.0

[fol. 5717] X-421, p. 2

Non-Bell Assets Transferred to the Electrical Research Products, Inc.

Investments:		
Graybar Electric Company Stock	$6,699,000	
Northern Electric Company Stock	1,370,000	
Western Electric Company, Limited, of London Stock	1,000	
		$8,070,000
Marketable Securities:		
Liberty Bonds	21,549,000	
U. S. Treasury Notes	4,452,000	
U. S. Treasury Notes	4,692,000	
		30,693,000
Cash		1,000,000
Accounts Receivable less Accrued Liabilities		1,299,000
		41,062,000

[fol. 5718] X-421, p. 6

Sales to American Bell Telephone Company and American Telephone and Telegraph Company

1916 to 1930

	Total	Manufactures	Supplies
1916	$6,465,834	$3,840,699	$2,625,135
1917	11,113,616	5,830,125	5283,491
1918	10,192,947	6,860,080	3,332,867
1919	8,456,180	5,789,719	2,666,461
1920	14,420,652	9,416,852	5,003,800
1921	10,410,861	8,554,531	1,856,330
1922	11,833,369	9,149,261	2,684,108
1923	16,254,515	11,159,317	5,095,198
1924	20,628,775	16,044,216	4,584,559
1925	21,283,047	17,458,757	3,824,290
1926	34,829,964	27,077,732	7,752,232
1927	34,063,405	26,948,252	7,115,153
1928	37,463,563	24,806,558	12,657,005
1929	65,386,163	40,666,709	24,719,454
1930	62,915,385	51,580,708	11,334,677
	365,718,276	265,183,516	100,534,760

[fol. 5719] X-421, p. 7

Division of Total Sales to Bell Customers

1916 to 1930, Inclusive

(Dollars in Thousands)

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company (A)
1916	$73,915	$6,466	$5,478
1917	104,682	11,114	7,760
1918	79,217	10,193	3,491

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company
1919	80,361	8,456	4,766
1920	130,712	14,221	5,800
1921	142,885	10,411	11,313
1922	159,957	11,833	10,993
1923	188,159	16,254	10,282
1924	233,300	20,629	13,957
1925	226,700	21,283	18,649
1926	247,203	34,830	18,097
1927	241,062	34,063	21,686
1928	267,808	37,464	20,892
1929	372,384	65,386	22,289
1930	338,830	62,915	23,848
Total	2,887,175	365,718	199,301

A. For the years 1916 to 1919, represents sales to the Chicago Telephone Company plus an estimate of 20% of the sales to the Central Union Telephone Company. Actual figures are being obtained and when available will be substituted for these estimates.

[fol. 5720] X-421, p. 8

Division of Sales of Lead Covered Cable

1916 to 1930, Inclusive

(Dollars in Thousands)

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company (A)
1916	$16,587	$844	$1,481
1917	24,070	1,626	2,686
1918	9,868	2,043	398
1919	7,735	640	726
1920	16,138	2,135	765
1921	11,505	132	437
1922	16,937	875	1,136
1923	23,829	1,275	1,542
1924	34,226	2,517	2,093
1925	40,092	3,563	3,752
1926	42,703	6,838	3,919
1927	37,776	6,989	3,459
1928	43,339	10,956	3,212
1929	63,915	15,689	2,708
1930	56,728	17,479	2,746
Total	445,448	73,601	31,060

A. For the years 1916 to 1919, represents sales to the Chicago Telephone Company plus an estimate of 20% of the sales to the Central Union Telephone Company. Actual figures are being obtained and when available will be substituted for these estimates.

[fol. 5721] X-421, P. 9

Division of Sales of Supplies

1916 to 1930, Inclusive

(Dollars in Thousands)

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company (A)
1916	$34,122	$2,625	$1,481
1917	44,847	5,284	1,904
1918	33,768	3,333	838
1919	37,654	2,666	1,366
1920	60,515	5,004	1,900
1921	42,189	1,856	2,186
1922	44,005	2,684	2,654
1923	56,041	5,095	2,804
1924	55,873	4,585	3,111
1925	59,815	3,824	3,851
1926	70,420	7,752	4,417
1927	70,148	7,115	4,722
1928	88,002	12,657	4,901
1929	130,300	24,719	6,255
1930	86,974	11,335	6,468
Total	914,673	100,534	48,858

A. For the years 1916 to 1919, represents sales to the Chicago Telephone Company plus an estimate of 20% of the sales to the Central Union Telephone Company. Actual figures are being obtained and when available will be substituted for these estimates.

[fol. 5722] X-421, P. 10

Division of Sales of Telephone Apparatus

1916 to 1930, Inclusive

(Dollars in Thousands)

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company (A)
1916	$23,206	$2,997	$2,516
1917	35,765	4,204	3,170
1918	35,581	4,817	2,255
1919	34,972	5,150	2,674
1920	54,059	7,282	3,135
1921	89,191	8,423	8,690
1922	99,015	8,274	7,203
1923	108,289	9,884	5,936
1924	143,201	13,527	8,753
1925	126,793	13,896	11,046
1926	134,080	20,240	9,761

Year	Total Bell Telephone Companies	American Bell Telephone Company and Successor A. T. & T. Company	Illinois Bell Telephone Company (A)
1927	$133,138	$19,959	$13,505
1928	136,467	13,851	12,779
1929	178,169	24,978	13,326
1930	195,128	34,101	14,634
Total	1,527,054	191,583	119,383

A. For the years 1916 to 1919, represents sales to the Chicago Telephone Company plus an estimate of 20% of the sales to the Central Union Telephone Company. Actual figures are being obtained and when available will be substituted for these estimates.

X-421, P. 14

Air Reduction Company, Inc.

Earnings on Investment

(Dollars in Thousands)

	a 1931	b 1930	c 1929	d 1928	e 1927	f 1926	g 1925	h 1924	i 1923	j 1922	
Total Assetss.less Depreciation	....	$35,890	$31,461	$24,429	$21,220	$18,644	$16,048	$12,820	....	....	1
Current Liabilities	....	2,043	1,967	1,655	1,345	1,334	1,001	747	....	....	2
Intangibles	....	0(A)	149	135	111	688	800	713	....	....	3
Investment less Depreciation (1−2−3)	....	33,847	29,345	22,639	19,764	16,622	14,247	11,360	....	....	4
Depreciation	....	12,775	10,925	9,243	7,963	6,889	5,957	5,158	....	....	5
Investment before Depreciation (4+5)	....	46,622	40,270	31,882	27,727	23,511	20,204	16,518	....	x	6
Average Investment less Depreciation (4)	....	31,596	25,992	21,202	18,193	15,435	12,804	.....	....	x	7
Average Investment before Depreciation (6)	....	43,446	36,076	29,805	25,619	21,658	18,361	.....	....	x	8
Earnings Available for Interest and Dividends	....	5,250	5,973	3,209	2,413	2,262	2,017	.....	....	x	9
Earnings on Investment less Depreciation (9÷7)	....	16.6	.....	.....	.....	.....	.....		Per Cent		10
Earnings on Investment before Depreciation (9÷8)	....	12.1	16.6	10.8	9.4	10.3	11.0		Per Cent		11
		6 Years									
Five-Year Total of 7	....	$125,222	$93,626	.....	.....	.....	.....	.....	....	....	12
Five-Year Total of 8	....	175,165	131,719	.....	.....	.....	.....	.....	....	....	13
Five-Year Total of 9	....	21,124	15,874	.....	.....	.....	.....	.....	....	....	14
Five-Year Earnings on Investment less Depreciation (14÷12)	....	16.9	17.0	.....	.....	.....	.....		Per Cent		15
Five-Year Earnings on Investment before Depreciation (14÷13)	....	12.1	12.1	.....	.....	.....	.....		Per Cent		16

(A) Moody's Deferred Assets of 273 are shown by stockholders' report to be prepaid items.

[fol. 5724]

X-421, P. 15

Analysis of Sales of Supplies to Non-Bell Customers

1916 to 1930, Inclusive

(Dollars in Thousands)

Year	Total	Domestic Customers (of Supply Department)	Export and Foreign	U. S. Government	Distributors				
					Graybar Electric Company, Inc.	International Standard Electric Corporation	Northern Electric Company, Limited	Electrical Research Products Inc.	Other Customers
1916	$26,408	$22,383	$4,025	.....	....	....	.....	.....	....
1917	37,151	30,119	5,078	$1,954	....	....	.....	.....	....
1918	44,472	34,980	2,022	7,470	....	....	.....	.....	....
1919	42,411	40,076	1,042	1,293	....	....	.....	.....	....
1920	66,191	64,838	1,134	219	....	....	.....	.....	....
1921	35,962	35,541	421	.....	....	....	.....	.....	....
1922	42,021	41,905	116	.....	....	....	.....	.....	....
1923	55,493	55,383	110	.....	....	....	.....	.....	....
1924	50,387	50,222	165	.....	....	....	.....	.....	....
1925	56,261	56,050	211	.....	....	....	.....	.....	....
1926	448	.....	.....	.....	$241	$49	$68	.....	$90
1927	470	.....	.....	.....	155	33	88	$194	....
1928	367	.....	.....	.....	176	36	155	0	....
1929	2,935	.....	.....	.....	181	51	509	2,194	....
1930	1,624	.....	.....	.....	166	50	286	1,057	65
Total	462,601	431,497	14,324	10,936	919	219	1,106	3,445	155

[fol. 5725] X-421, P. 16, Schedule A

Analysis of Total Sales, 1916 to 1930

(Dollars Expressed in Thousands)

	Sales to All for analysis	Sales to Bell Customers See Schedule B Customers	Sales to Non-Bell Customers See Schedule C for analysis
1916	$106987	$73,915	$33,072
1917	150,340	104,682	45,658
1918	145,226	79,217	66,009
1919	135,722	80,361	55,361
1920	206,112	130,712	75,400
1921	189,763	142,885	46,880
1922	210,941	159,957	50,984
1923	255,177	188,159	67,018
1924	298,281	233,300	64,981
1925	297,729	226,700	71,029
1926	263,105	247,203	15,902
1927	253,724	241,062	12,662
1928	287,931	267,808	20,123
1929	410,950	372,384	38,566
1930	361,478	338,830	22,648
Total	$3,573,468	$2,887,175	$686,293

[fol. 5726] X-421, P. 17, Schedule B

Analysis of Sales to Bell Customers, 1916 to 1930

(Dollars Expressed in Thousands)

	a Total Sales to Bell Customers (Schedule A)	b Sales to Associated Companies	c Sales to Western Union Telegraph Company	d Sales to Non-Associated Companies	e Sales to Employees
1916	$73,915	$66,074	$6,875	$966	Sales to Emp. Inc. in Sales to Non-Assoc. Comp. Col. d.
1917	104,682	94,174	9,337	1,171	
1918	79,217	67,860	10,514	843	
1919	80,361	69,982	8,837	1,542	
1920	130,712	113,517	14,076	3,119	
1921	142,885	135,560	4,533	2,792	
1922	159,957	158,614	.....	1,343	
1923	188,159	185,969	.....	2,190	
1924	233,300	229,352	.....	3,948	
1925	226,700	221,534	.....	5,166	
1926	247,203	240,732	.....	6,471	
1927	241,062	237,253	.....	3,303	$506
1928	267,808	264,586	.....	3,000	222
1929	372,384	366,902	.....	5,339	143
1930	338,830	334,999	.....	3,831	(Inc. in Non Bell)
Total	$2,887,175	$2,787,108	$54,172	$45,024	$871

[fol. 5727]

X-421, P. 18, Schedule C

Analysis of Sales to Non-Bell Customers, 1916 to 1930

(Dollars Expressed in Thousands)

	a	b	c	d	e	f	g	h	i
					Distributors				
	Total Sales to Non-Bell Customers (Schedule A)	Domestic Customers (of Supply Dept.)	Export and Foreign	U. S. Government	Graybar Elec. Co.	Int. Standard Elec. Co.	Northern Elec. Co.	Elec. Research Products	Other Customers (V)
1916	$33,072	$26,293	$6,779	.....	xx	.....	.....	xx	xx
1917	45,658	33,676	7,879	$4,103	xx	.....	.....	xx	xx
1918	66,009	39,619	4,565	21,825	xx	.....	.....	xx	xx
1919	55,361	43,941	5,430	5,990	xx	(Included in	.....	xx	xx
1920	75,400	69,385	5,185	830	xx	Export and	.....	xx	xx
1921	46,880	40,178	6,702	.....	xx	Foreign	.....	xx	xx
1922	50,984	48,997	1,987	.....	xx	Customers	.....	xx	xx
1923	67,018	63,523	3,495	.....	xx	Col. c.)	.....	xx	xx
1924	64,981	60,708	4,273	.....	xx	.....	.....	xx	xx
1925	71,029	67,585	3,444	.....	xx	.....	.....	xx	xx
1926	15,902	.....	.....	.....	$9,908	$2,448	$1,084	.....	$2,462
1927	12,662	xx	.....	.....	6,817	1,953	1,373	$2,519	xx
1928	20,123	xx	.....	.....	7,186	1,780	1,846	9,311	xx
1929	38,566	xx	.....	.....	8,167	1,833	3,458	25,108	xx
1930	22,648	xx	.....	.....	7,054	1,272	2,986	10,518	818
Total	$686,293	$493,905	$49,739	$32,748	$39,132	$9,286	$10,747	$47,456	$3,280

(V) 1926 "Other Customers" includes Western Union Telegraph Company, Vitaphone Co., Victor Talking Machine Co., Inc., Columbia Phonograph Co., Inc., U. S. Government. 1930 "Other Customers" includes Aviation Companies and Employees.

[fol. 5728]

X–421, p. 20

Orders on Hand at December 31

(Dollars in Thousands)

	Total				Bell				Non-Bell			
	Total	T. A.	L. C. C.	Supplies	Total	T. A.	L. C. C.	Supplies	Total	T. A.	L. C. C.	Supplies
1916	$30,676	$17,050	$8,026	$5,600	.....	.....	.....	$2,105	.....	.....	.....	$3,495
1917	28,755	17,302	3,365	8,088	$18,021	$13,243	$1,969	2,809	$10,734	$4,059	$1,396	5,279
1918	26,265	17,498	1,235	7,532	14,911	10,805	818	3,288	11,354	6,693	417	4,244
1919	47,442	33,637	4,390	9,415	38,173	30,309	4,217	3,647	9,269	3,328	173	5,768
1920	82,655	61,291	8,058	13,306	68,345	56,538	4,897	6,910	14,310	4,753	3,161	6,396
1921	75,525	62,562	4,762	8,201	72,067	61,544	4,512	6,011	3,458	1,018	250	2,190
1922	62,069	44,643	7,187	10,239	55,018	42,432	6,371	6,215	7,051	2,211	816	4,024
1923	94,951	64,717	12,492	17,742	86,380	62,547	10,779	13,054	8,571	2,170	1,713	4,688
1924	92,014	73,092	9,132	9,790	84,810	70,857	7,757	6,196	7,204	2,235	1,375	3,594
1925	96,270	72,891	14,641	8,738	87,396	69,525	13,070	4,801	8,874	3,366	1,571	3,937
1926	79,880	64,111	11,517	4,252	77,934	62,430	11,268	4,236	1,946	1,681	249	16

Copied Feb. 3, 1932

[fol. 5729]

X-421, (21)

Orders on Hand at December 31

(Dollars in Thousands)

	Total				Bell				Non-Bell			
	Total	T. A.	L. C. C.	Supplies	Total	T. A.	L. C. C.	Supplies	Total	T. A.	L. C. C.	Supplies
1916	$30,676	$17,050	$8,026	$5,600				$2,105				$3,495
1917	28,755	17,302	3,365	8,088	$18,021	$13,243	$1,969	2,809	$10,734	$4,059	$1,396	5,279
1918	26,265	17,498	1,235	7,532	14,911	10,805	818	3,288	11,354	6,693	417	4,244
1919	47,442	33,637	4,390	9,415	38,173	30,309	4,217	3,647	9,269	3,328	173	5,768
1920	82,655	61,291	8,058	13,306	68,348	56,538	4,897	6,910	14,310	4,753	3,161	6,396
1921	75,525	62,562	4,762	8,201	72,067	61,544	4,512	6,011	3,458	1,018	250	2,190
1922	62,069	44,643	7,187	10,239	55,018	42,432	6,371	6,215	7,051	2,211	817	4,024
1923	94,951	64,717	12,492	17,742	86,380	62,547	10,779	13,054	8,571	2,170	1,813	4,688
1924	92,014	73,092	9,132	9,790	84,810	70,857	7,757	6,196	7,204	2,235	1,375	3,594
1925	96,270	72,891	14,641	8,738	87,396	69,525	13,070	4,801	8,874	3,366	1,571	3,937
1926	79,880	64,111	11,517	4,252	77,934	62,430	11,268	4,236	1,946	1,681	249	16

Copied Feb. 3, 1932 H/B

(Here follows side folio 5730)

EXHIBIT X-421

Western Electric Company,
Incorporated
General Accounting Department.

Ca-8.19-2

ANALYSIS OF RESERVE FOR CONTINGENCIES

YEARS ENDING DECEMBER 31ST (PRIOR TO 1910 NOVEMB

	Total	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916
1.Credits to Reserve.													
1.1 From Profits	$(11,900,000.00)	$	$	$	$	$	$	$	$	$	$(1,900,000.00)	$(2,000,000.00)	$ (500,000.00)
1.2 From Sales of Real Estate and Plant.													
Chicago Property	(415,694.88)												
New York Property (To Bell Tel. Lab., Inc.)	(1,086,302.15)			(1,086,302.15)				660.00					
Philadelphia	(87,472.64)		(1,626.11)	(85,846.53)									
Northern.													
Port Of Carey Tract	(1,360.00)		(1,360.00)										
2.Charges to Reserve.													
2.1 100% Depreciation on Patents	6,181,678.00			2,000.00			(3,750.00)	6,240.00	12,150.00	61,600.00	80,000.00	30,444.00	2,042,790.00
Revaluation of													
2.2 Merchandise Inventories	1,013,698.88												
2.3 Plant	1,161,938.84		(590,737.94)	138,320.16	190.47	217,234.4	(22,477.78)	84,220.87	91,991.65	20,450.62	5,970.00	1,744.22	17,401.98
2.4 Constituent Companies	.00			(641,142.00)									
2.5 Investments in:													
Manufacturers' Junction Railway Company	4,569.92												
Northern Electric & Manufacturing Company, Ltd.	.00					(123,312.29)							
Imperial Wire & Cable Company, Ltd.	.00												
Nippon Denki Kabushiki Kaisha	.00												
2.6 Sundry Investments:													
American Telephone & Telegraph Company.													
20 Yr. 4% Collateral Trust Gold Bonds due 12/1/46-	.00												
Anglo French Bonds.								(39,682.25)	9,009.50	16,170.50	(3,713.00)	(9,386.25)	1,183.00
5 Yr. 5% Sinking Fund Gold Bonds due 11/15/20-	.00										(14,500.00)	9,750.00	4,750.00
Chemical Foundation Company, Inc.													
6 Shares Preferred Stock) Par Value $100													
2 Shares Common Stock) per Share	999.00						999.00						
Chicago Telephone Company.													
4% First Mortgage Bonds due 12/1/23	.00												
Commonwealth Edison Company.								(4,408.75)	1,575.00	1,050.00	(350.00)	4,187.50	
4% First Mortgage Bonds due 6/1/43	.00												
Cumberland Telephone & Telegraph Company.									(12,092.50)	4,000.00	(1,600.00)	10,300.00	
4% First & General Mortgage Gold Bonds due 1/1/37	.00												
Dominion of Canada.							(30,180.00)	(38,410.00)	22,962.50	27,137.50	(10,020.00)	3,567.00	(1,675.00)
10 Yr. 5% Gold Bonds due 6/1/31	.00												
Electrical Discount Corporation.											(2,675.00)	4,837.50	(2,162.50)
800 Shares Common Stock, Par Value $100 per Share	.00		(1,050.16)	(2,507.02)	1,723.28	1,923.90							
Liberty Loan, First.													
4% Gold Bonds due 1932 - 1947	.00							(1,311.25)	807.88	239.80	(786.43)	1,050.00	
Liberty Loan, Second.													
10/20 Yr. 4-1/2% Convertible Gold Bonds due 1927 - 1942	.00	31,079.80	(31,032.88)	(47.94)			(1,564.27)	(4,883.78)	8,997.08	1,303.50	1,775.50	392.00	
Liberty Loan, Third.													
10 Yr. 4-1/2% Gold Bonds due 9/15/28	.00	18,834.16	(18,834.16)				4,686.07	(62,815.09)	56,761.34	(2,888.17)	8,456.85		
Liberty Loan, Fourth.													
10/30 Yr. 4-1/2% Gold Bonds due 1933-1938	(8.19)	(8.19)						(7,022.60)	3,433.85	3,588.75			
Liberty Loan, Victory.													
5 Yr. 4-3/4% Gold Notes due 5/20/23	.00							(18,970.00)	12,271.76	3,698.24			
Metropolitan W.S. Elevated Railway Company.													
50 Yr. 4% Extension Mortgage Gold Bonds due 7/1/38	(8,800.00)	(10,800.00	(6,000.00)	(4,000.00)	(30,000.00)	18,000.00	(29,000.00)	(13,000.00)	8,000.00	6,000.00	(8,000.00)	52,000.00	4,000.00
New York City Corporate Stock.													
4-1/2% New York City Corporate Stock due 1957-1964	(109.88)	98.75)	(122.50)	86.71	(118.75)	849.38	(439.38)	(975.75)	528.75	839.06			
Northern Electric Company, Ltd.													
20 Yr. 6% First Mortgage Gold Bonds due 6/1/39	.00						(20,872.38)	(16,846.60)	12,000.00	14,000.00		12,868.75	
Peoples Gas Light & Coke Company.													
50 Yr. 5% Refunding Mortgage Gold Bonds due 8/1/47	.00							(13,268.75)	(880.00)	8,868.00	1,360.00	7,888.80	
Phenix Laboratories, Incorporated.													
200 Shares Common Stock, No par value	.00				(10,195.69)		10,198.89						
Southern Bell Telephone Company.													
20 Yr. 5% First Mortgage Gold Bonds due 1/1/41	.00							(14,991.82)	84.33	10,125.00	(2,088.00)	7,750.00	
Treasury Notes 4-3/4% 1927	.00	2,444.92	(2,444.92)										
United Kingdom of Great Britain and Ireland.													
3 Yr. 5-1/2% Secured Temporary Gold Notes due 11/1/19	.00										4,687.50	4,687.50	
Western Electric Company, Incorporated.													
4% First Mortgage Bonds due 12/31/22	.00						5,866.00	(8,391.00)				2,750.00	
2.7 Contributions.													
American National Red Cross 1917	80,000.00												
American Red Cross Second War Fund 1918	32,950.00											80,000.00	
United War Work Campaign, Incorporated (1918)	72,800.00										32,950.00		
Y.M.C.A. War Fund (1917)	20,000.00										97,800.00		
2.8 Power Plant Expense Charges	.00											80,000.00	
2.9 Extraordinary Expense in Connection with Eastland Disaster	100,619.68												
2.10 Reserve for Self Insured Risks	.00	103,493.47	(4,207.07)	(6,260.25)	(8,624.50)	(3,714.00)	(14,132.32)	(1,800.76)	(3,077.98)	(2,179.38)	(2,088.84)	(1,995.53)	(1,867.29)
3.Net Charge or Credit for the Year	00	149,251.41	(454,380.83)	(1,484,499.92)	(81,455.69)	110,391.16	(99,009.84)	(801,118.62)	215,584.13	180,690.40	(680,700.64)	(1,834,884.32)	1,844,923.21
4.Balance in Reserve for Contingencies at end of each year		(6,836,709.89)(Y)	(4,969,360.98)	(6,313,876.65)	(4,859,074.73)	(4,807,619.04)	(4,918,010.19)	(4,819,004.95)	(4,617,868.33)	(4,438,472.66)	(4,984,162.86)	(6,333,662.62)	(2,800,879.10)

(Y) Transferred to Surplus December 31, 1927.

(22)

X-421

EXHIBIT X-421

C4-8.19-2

ANALYSIS OF RESERVE FOR CONTINGENCIES

ARE ENDING DECEMBER 31ST (PRIOR TO 1910 NOVEMBER 30TH)

Term Issued Nov. 13, 1929.

1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906
$	$	$		$(1,000,000.00)	$(2,000,000.00)	$ (500,000.00)	$ (650,000.00)	$ (500,000.00)	$(2,500,000.00)	$(3,000,000.00)	$ (750,000.00)	$(1,000,000.00)	$	$	$	$(1,000,000.00)
	640.00										(6,480.60)	(609,876.25)				
(3,750.00)	6,240.00	12,150.00	41,400.00	250,000.00	150,448.00	2,012,790.00		250,000.00	140,000.00	800,000.00	700,000.00					
(22,477.78)	36,020.57	91,992.65	20,450.62	5,670.00	1,744.25	17,401.95	(43,125.71)	(15,413.80)	1,284,650.74	167,302.00	842,196.89					
									441,142.00							
									127,882.21							
									87,000.00		(87,000.00)					
									600,000.00	(210,000.00)	(190,000.00)					
										80,000.00	(80,000.00)					
	(39,683.25)	9,069.50	16,170.50	(3,713.00)	15,384.25	-1,683.08	(1,683.08)									
				(14,800.00)	9,750.00	4,750.00										
999.00																
	(4,468.75)	1,575.00	1,050.00	(350.00)	2,187.50		6.25									
		(12,092.50)	4,000.00	(1,600.00)	10,000.00		(307.50)									
(30,120.00)	(38,410.00)	22,962.50	27,137.50	(10,020.00)	34,365.00	(1,670.00)	(14,612.50)	12,167.50								
				(2,675.00)	4,637.50	(2,164.50)										
1,823.90																
	(1,311.25)	807.88	239.80	(786.63)	1,050.00											
(1,564.27)	(4,883.75)	2,997.05	1,303.50	1,775.50	392.00											
4,486.07	(62,815.09)	56,761.34	(2,886.17)	8,636.85												
	(7,022.60)	3,433.85	3,868.75													
	(15,970.00)	12,271.76	3,698.24													
(29,000.00)	(13,000.00)	6,000.00	6,000.00	(8,000.00)	52,000.00	6,000.00	16,000.00	(6,000.00)								
(639.36)	(975.75)	828.75	839.04													
(80,872.36)	(16,866.60)	12,000.00	14,000.00		12,868.75		(1,280.00)									
	(13,868.75)	(880.00)	8,868.80	1,860.00	7,888.80		(118.75)									
10,198.89																
	(14,991.83)	84.83	10,125.00	(2,088.00)	7,750.00		(937.50)									
				4,687.50	4,687.50											
8,864.00	(8,391.00)				2,750.00		(825.00)									
				32,950.00	80,000.00											
				77,800.00												
					80,000.00											
							30,884.63	8,816.60	(21,109.88)	149,542.00	230,831.00	3,138.88	(801,800.00)			
(14,132.32)	(1,800.76)	(3,077.98)	(2,179.38)	(2,088.84)	(1,895.57)	(11,867.29)	100,619.68									
(99,008.84)	(801,116.62)	815,864.13	150,690.60	(650,700.64)	(1,832,884.32)	1,844,923.71	(3,862.47)	(3,071.90)	(3,697.90)	(2,887.32)	(2,008.84)	(9,436.94)	(12,537.32)	(10,150.01)	(6,662.88)	
(6,918,010.15)	(4,819,004.95)	(4,617,868.33)	(4,838,672.48)	(4,966,162.88)	(6,333,682.42)	(2,800,878.10)	(4,848,801.31)	(3,798,909.16)	(3,848,107.36)	(3,800,980.73)	(2,184,947.41)	(1,416,175.36)	(413,737.32)	(10,150.01)	(6,662.88)	(1,000,000.00)
												(2,846,808.88)	(1,430,350.00)	(1,016,993.27)	(1,006,662.88)	(1,000,000.00)

[fol. 5731] X-421, P. 23

Total Merchandise Inventories

1916 to 1930, Inclusive

(Dollars in Thousands)

1916	$33,002
1917	44,415
1918	45,047
1919	45,097
1920	72,210
1921	58,978
1922	52,702
1923	69,349
1924	67,953
1925	55,990
1926	61,456
1927	52,681
1928	60,177
1929	95,940
1930	86,678

[fol. 5732]

X-421, P. 26

Analysis of Other Income as Shown on Reports to Stockholders and Average Interest Rates on Advances to Subsidiaries

1916 to 1930, Inclusive

(Dollars in Thousands)

	1916	1917	1918	1919	1920	1921	9122	1923	1924
Interest received from:									
Marketable Securities	386	78	146	203	192	91	28	9	9
Advances to Subsidiaries (A)	430	789	103	58	458	802	606	505	437
Dividends received from:									
Subsidiaries	0	0	0	0	385	1,046	1,150	590	593
Others	0	0	0	1	0	0	0	0	0
Profit or Loss on Securities sold, Royalties and Other Miscellaneous	414	442	416	593	712	954	907	199	173
Total Gross Other Income	1,230	1,309	665	855	1,747	2,893	2,691	1,303	1,212
Average Interest Rate on Advances to Subsidiaries (A)	5%	5%	6%	6%	6%	6.9%	6.9%	6.9%	6.8%

	1925	1926	1927	1928	1929	1930
Interest received from:						
Marketable Securities	9	625	286	228	183	73
Advances to Subsidiaries (A)	624	549	530	1,186	2,426	2,233
Dividends received from:						
Subsidiaries	463	70	95	1,032	5,394	5,519
Others	52	262	0	0	0	0
Profit or Loss on Securities sold, Royalties and Other Miscellaneous	1,027	3,123	1,177	861	1,327	1,052
Total Gross Other Income	2,175	4,629	2,088	3,307	9,330	8,877

Expenses Applicable to Other Income:						
Federal Taxes				288	374	321
Other Expenses				229	381	410
Total Expenses				517	755	731
Net Other Income				2,790	8,575	8,146
Average Interest Rate on Advances to Subsidiaries (A)	6.8%	6.4%	6.4%	5.4%	6.0%	6.1%

(A) Includes Notes Receivable and Mortgages of Subsidiaries.

[fol. 5733] X-421, P. 28

Analysis of Royalties, Patents Sold, and Other Miscellaneous Income for the Years 1928, 1929 and 1930

(Dollars in Thousands)

	1928	1929	1930
Royalties Received (A)	229	296	340
Patents Sold (B)	0	85	70
Interest on Class "C" Stocks	546	591	721
Interest on Advances to Automatic Electric Co., Inc.	98	116	113
Bank Interest Received (Broadway)	49	73	75
Interest from Mortgages and Contracts Assumed on Homes of Employees Transferred	3	30	52
Interest Paid on Adjustments of Prior Years' Federal Income Taxes	(12)	(2)	(63)
Profit or Loss on Revaluation of Securities	(56)	44	12
Amortization of Premiums on Securities	(38)	(16)	0
Revaluation of Teletype Corp. Stock to Reflect the Reduction of Teletype Surplus Account	0	0	(609)
Profit on Graybar Electric Co. Employees' Cancelled A. T. & T. Stock Subscriptions	0	0	267
Profit on Sale of Land to Manufacturers' Junc. Ry. Co.	0	0	28
Other	42	110	46
	861	1,327	1,052

(A) Royalties Received Represent:

(a) 1% of Northern Electric Co., Ltd. Sales of Telephone Apparatus.

(b) ½ of 1% of International Standard Electric Corp. Sales of Telephone Apparatus other than Telephone Apparatus Purchased from Western Electric Co., Inc.

(B) Patents were sold to The American Telephone and Telegraph Co.

[fol. 5734] X-421, P. 29

Royalties Received by Subsidiaries of the Western Electric Co., Inc.

1909 to 1930

(Dollars in Thousands)

	Int'l. W. E. Co. Inc.	Foreign Subsidiaries of Int'l. W. E. Co. Inc.	Electrical Research Products Inc.	Graybar Electric Co. Inc.	Total
1909-1920	....	....	....	....	....
1921	$8	....	....	..	8
1922	14	$26	....	..	40
1923	12	39	....	..	51
1924	77	168	....	..	245
1925	146	99	....	..	245
1926	....	....	....	$44	44
1927	....	....	$1,020	..	1,020
1928	....	....	1,125	..	1,125
1929	....	....	1,524	..	1,524
1930	....	....	2,582	..	2,582
Total 1909-1930	$257	$332	$6,251	44	$6,884

[fol. 5735] X-421, P. 31

Bond Discount and Expense on Sale of Bonds, 1916 to 1924, Inclusive

(Dollars in Thousands)

	Bond Discount				Bond Expense (A)				Total Bond Discount and Expense
	5's of '22	7's of '25	5's of '44	Total	5's of '22	7's of '25	5's of '44	Total	
1916...	$40	....	....	$40	$4	..	..	$4	$44
1917...	40	....	....	40	4	..	..	4	44
1918...	40	....	....	40	4	..	..	4	44
1919...	40	....	....	40	4	..	..	4	44
1920...	40	210	....	250	4	9	..	13	263
1921...	40	289	....	329	4	13	..	17	346
1922...	40	993	(B) ..	1,033	9	60	..	69	1,102
1923...	..	....	....	....	..	(3)	..	(3)	(3)
1924...	..	....	2,275	2,275	..	..	72	72	2,347
Totals	280	1,492	2,275	4,047	33	79	72	184	4,231

There has been no bond discount or expense on sale of bonds incurred or charged to expense or profits during the years 1925 to 1930, inclusive.

(A) Includes, in addition to amortization of initial bond expense, current payments to registrar, trustee and paying agent.

(B) Includes $78,000 premium paid on bonds called for redemption.

[fol. 5736] X-421, P. 41

Western Electric Company, Engineering Department

Expense by Apparatus Classifications for the Year 1922

	Total 12 months 1922	Portion chargeable to A. T. & T. Co.
Telephone and Telegraph Apparatus:		
Central Office—Manual and Machine Switching:		
Central Office Equipment	$3,125,713	$199,796
Private Branch Exchange Equipment	94,079	
Other	109,335	73,474
Total	3,329,127	273,270
Substation and Outside Plant	233,682	14,162
Transmitters, Receivers and Induction Coils	463,912	
Other Apparatus Classed as Telephone under W. E. Co. and A. T. & T. Co. Contracts:		
Repeater Equipment	176,008	18,091
Loading Coils and Cases	31,159	60
Carrier Current Equipment	518,838	159,317
Repeater Bulbs and Vacuum Tubes	524,833	133,069
Radio Equipment	1,109,420	262,887
Loud Speaking Equipment	395,317	39,521
Testing Equipment	171,616	13,035
Total	2,927,191	625,980
Printing Telegraph	141,162	283
Total Telephone and Telegraph Apparatus	7,095,074	913,695

	Total 12 months 1922	Portion chargeable to A. T. & T. Co.
Cable:		
Lead Covered Cable	$167,597	$5,765
Submarine Cable	247,734	.....
Total Cable	415,331	5,765
Other Chargeable:		
Foreign Activities	34,772	
Not W. E. Merchandise Development	38,726	5,514
Inspection W. E.	21,610	
Inspection Not W. E.	296,555	7,919
Other Miscellaneous Work	347,675	40,401
Total Other Chargeable	739,338	53,834
Grand Total	8,249,743	973,294

[fol. 5737] X-421, P. 42

Western Electric Company, Engineering Department

Expense by Apparatus Classifications for the Year 1923

	Total 12 months 1923	Portion chargeable to A. T. & T. Co.
Telephone and Telegraph Apparatus:		
Central Office—Manual and Machine Switching:		
Central Office Equipment	$3,684,683	$258,840
Private Branch Exchange Equipment	61,096	1,596
Other	95,795	63,874
Total	3,841,574	324,310
Substation and Outside Plant	296,116	13,144
Transmitters, Receivers and Induction Coils	415,644	8,384
Other Apparatus Classed as Telephone under W. E. Co. and A. T. & T. Co. Contracts:		
Repeater Equipment	163,882	19,670
Loading Coils and Cases	50,357	9,864
Carrier Current Equipment	530,329	178,786
Repeater Bulbs and Vacuum Tubes	335,394	155,554
Radio Equipment	1,155,152	318,066
Loud Speaking Equipment	366,405	67,975
Testing Equipment	286,227	3,506
Total	2,887,746	753,421
Printing Telegraph	110,142	.....
Total Telephone and Telegraph Apparatus	7,551,222	1,099,259
Cable:		
Lead Covered Cable	134,983	3,814
Submarine Cable	271,911	63
Western Union Cable	117,578	.....
Total Cable	524,472	3,877

	Total 12 months 1923	Portion chargeable to A. T. & T. Co.
Other Chargeable:		
Foreign Activities	$17,650	.....
Not W. E. Merchandise Development	38,817	$3,782
Inspection W. E.	255,756	74
Inspection Not W. E.	400,698	11,978
Other Miscellaneous Work	404,152	100,311
Total Other Chargeable	1,117,073	116,145
Grand Total	9,192,767	1,219,281

[fol. 5738] X-421, P. 43

Western Electric Company, Engineering Department

Expense by Apparatus Classifications for the Year 1924

	Total 12 months 1924	Portion chargeable to A. T. & T. Co.
Telephone and Telegraph Apparatus:		
Local and Toll Central Office Equipment:		
Systems Adaptation of Not W. E. Products:		
Step-by-Step Machine Switching	$370,250	.....
Other	75,219	4,191
Total Systems Adaptation of Not W. E. Products	445,469	4,191
Engineering W. E. Apparatus Manufactured by Suppliers:		
Ticket Distributing (Lamson)	12,454	.....
Other	22,158	.....
Total Engineering W. E. Apparatus Manufactured by Suppliers	34,612	.....
Local and Toll Central Equipment	3,553,705	22,153
Total Local and Toll Central Office Equipment	4,033,786	26,344
Substation and Outside Plant	297,055	14,406
Transmitters, Receivers and Induction Coils	546,101	116,852
Other Apparatus Classed as Telephone under W. E. Co. and A. T. & T. Co. Contracts:		
Repeater Equipment	141,522	18,454
Loading Coils and Cases	57,478	15,003
Carrier Current Equipment	562,377	123,145
Repeater Bulbs and Vacuum Tubes	228,032	193,674
Radio Equipment	1,376,949	325,595
Testing Equipment	186,735	1,844
Other Communicating Apparatus and Systems	945,476	177,058
Total Other Apparatus Classed as Telephone under W. E. Co. and A. T. & T. Co. Contracts	3,498,569	854,773
Printing Telegraph	37,648	1,648
Total Telephone and Telegraph Apparatus	8,413,159	1,014,023

	Total 12 months 1924	Portion chargeable to A.T. & T. Co.
Cable:		
Lead Covered Cable	$171,248	($3,884)
Submarine Cable	132,966	.....
Western Union Cable	186,550	.....
Total Cables	490,764	(3,884)
Other Chargeable:		
Foreign Activities	15,758	.....
Not W. E. Merchandise Development	31,707	4,822
Inspection W. E.	338,665	.....
Inspection Not W. E.	487,757	22,940
Other Miscellaneous Work	489,829	54,545
Total Other Chargeable	1,363,716	82,307
Grand Total	10,267,639	1,092,446

[fol. 5739] X-421, P. 44

Western Electric Company Investment in Products Company

On January 1, 1927 the Products Company was set up, at which time the following assets were transferred:

Investments:		
Graybar Company Stock	$6,699,000	
Northern Electric Company Stock	1,370,000	
W. E. Co. Limited of London Stock	1,000	
		$8,070,000
Marketable Securities:		
Liberty Bonds	21,549,000	
U. S. Treasury Notes	4,452,000	
U. S. Treasury Notes	4,692,000	
		30,693,000
Cash		1,000,000
Accounts Receivable less Accrued Liabilities		1,299,000
		41,062,000
Of this amount, capital was set up on the Products books of		1,000,000
And surplus was set up amounting to		40,062,000
During 1927 the Products Company earned		5,504,000

At December 31st the following revaluations were made increasing the value of the Products Company holdings in the Northern Electric Company and the Graybar Electric Company:

On account of Graybar Electric Company	$1,800,000	
On account of Northern Electric Company	2,880,000	
		4,680,000
Total		50,246,000

Out of this the following dividends were paid to the Western Electric Company:

Regular dividend at $5.00 per share	$3,750,000	
Special dividend at $60.00 per share	45,000,000	
		48,750,000
Leaving a surplus at the end of 1927 on Products Company books of		1,496,000
On the Western Electric Company books as of January 1, 1927, the investment in Products Company was carried at		41,062,000
As of December 31, 1927 this investment was revalued to represent 750,000 shares of common stock at $3.00 per share, or		2,250,000
Resulting in a charge to surplus on Western's books of		38,812,000

This revaluation was arrived at as follows:	
Capital stock and surplus of the Products Comapny—1/1/27	41,062,000
Estimated earnings of the Products Company for 1927	5,258,000
Revaluation of Graybar and Northern Electric investments	4,680,000
Total	51,000,000

[fol. 5740] X-421, P. 45

Total (Brought Forward)	$51,000,000
Less dividends paid	48,750,000
Estimated value of capital stock nad surplus on Products books at December 31, 1927	2,250,000

Which was equivalent to $3.00 a share on 750,000 shares.

At December 31, 1928, the Western Electric Company's holdings in the Products Company were increased from $2,250,000 to $6,250,000, reflecting the revaluation made by the Products Company of their capital stock from $1,000,000 to $5,000,000, as of this date. The stock investment in the Electrical Research Products, Inc., is now carried on the books of the Western Electric Company at $6,250,000.

[fol. 5741] X-421, P. 48

Basis of Price to Graybar Electric Company

The price basis to the Graybar Electric Company, from 1925 to 1930, was that in effect with the most favored customers excepting the Bell Telephone Companies. On an average such prices in many cases were from 2% to 6% higher than prices to Bell Companies and in no case lower.

[fol. 5742] X-421, P. 50

Some Instances of Acquisitions and Disposals of Property for Other Than Cash During the Period 1915 to 1930, Inclusive

1. On January 1, 1925, the Western Electric Company, Incorporated, sold the assets of its Engineering Department to the Bell Telephone Laboratories, Inc., receiving in payment therefor a demand note in the amount of $4,552,146.08.

2. On January 1, 1926, the Supply Department of the Western Electric Company, Incorporated, was sold to the Graybar Electric Company, Inc., for which was received 150,000 shares of common stock having a par value of $100.00 per share, and an interest bearing open account (against the Graybar Company) of $1,421,269.41.

3. On January 1, 1927, Non-Bell assets of the Western Electric Company, Incorporated, were sold to the Electri-

cal Research Products Inc. for 750,000 shares of no par value common stock.

4. On December 31, 1928, Graybar Electric Company, Inc., a wholly owned subsidiary of the Electrical Research Products Inc. was sold to the Graybar Management Corporation for $3,000,000.00 in cash and 60,000 shares of preferred stock, par value $100.00.

[fol. 5743] X-421, P. 51

Profits on Sale of International Western Electric Company, Incorporated, to the International Telephone and Telegraph Corporation September 30, 1925

1. Selling Price		$29,306,534
2. Value at which Western Electric Company, Incorporated, carried its investment in International Western Electric Company, Incorporated:		
55,000 shares of Preferred Stock (Par $100)	$5,500,000	
100,000 shares of Common Stock	2,441,142	
Bills Receivable	11,821,311	
		19,762,453
		9,544,081
3. Special dividend received from International Western Electric Company, Incorporated, on September 30, 1925		9,700,000
		19,244,081
4. Deduct Reserves:		
(a) 100% reserve against certain assets purchased by Western Electric Company, Incorporated, from the International Western Electric Company, Incorporated, not included in sale	$677,986	
(b) Reserve for pension liability under agreement with International Telephone and Telegraph Corporation	1,300,000	
(c) Reserve for federal taxes and other probable expenses in connection with sale	1,311,000	
		3,288,986
Profits as shown in Stockholders' Report—1925		15,955,095

[fol. 5744] X-421, P. 52

Earnings for 1931 and 1932 on Prospective Bell Business as Estimated June 10, 1931

(Dollars in Thousands)

	Sales	Total cost of sales	Net profits	Per cent net profits to sales	Per cent Return on investment
15 Year Period (per Exhibit 1)	$2,887,200	$2,746,000	$141,200	4.9	7.0
1931	256,000	245,500	10,500	4.1	3.9
1932	239,000	223,400	15,600	6.5	5.8
Total	3,382,200	3,214,900	167,300	4.9	6.5

[fol. 5745] X-421, P. 55

Sales (Approximate) of Broadcasting Equipment to Graybar Electric Company, Inc.

1925 to 1930, Inclusive

(Dollars in Thousands)

1925	$1,446
1926	1,000
1927	505
1928	1,041
1929	929
1930	834
	5,755

Note

(a) Sales to Graybar Company of radio transmitting equipment for the United States Government are included in this statement.

(b) In addition to the sales to the Graybar Company, there were sales made about ten years ago, of two broadcasting equipments to Bell System Companies—one for station WEAF sold to American Telephone & Telegraph Company, and one for station WCAP sold to Chesapeake & Potomac Telephone Company. These stations are no longer owned by Bell System Companies. There were also sales in foreign countries aggregating approximately $500,000.

[fol. 5746]

EXHIBIT X–422

Stock Issue Data, 1920–1931, for American Telephone & Telegraph Company

(Requested by Attorneys for City of Chicago)

	Dates directors authorized issues	Dates when first official announcements of proposed financing were made	Dates when stockholders were advised of right to subscribe	Dates establishing stockholders of Record	Dates right to subscribe expired	Dates of payment for stock
1921	May 10, 1921	May 10, 1921	May 10, 1921	May 20, 1921	July 20, 1921	*July 20, 1921
					Installments—	July 20, 1921
						Sept. 1, 1921
						Nov. 7, 1921
1922	Aug. 24, 1922	Aug. 24, 1922	Aug. 24, 1922	Sept. 8, 1922	Nov. 1, 1922	*Nov. 1, 1922
					Installments—	Nov. 1, 1922
						Mar. 1, 1923
1924	May 20, 1924	May 20, 1924	May 20, 1924	June 10, 1924		July 2, 1923
					Aug. 1, 1924	*Aug. 1, 1924
					Installments—	Aug. 1, 1924
						Dec. 1, 1924
1926	May 19, 1926	May 19, 1926	May 19, 1926	June 8, 1926		Apr. 1, 1925
					Aug. 2, 1926	*Aug. 2, 1926
					Installments—	Aug. 2, 1926
						Dec. 1, 1926
1928	May 16, 1928	May 16, 1928	May 16, 1928	June 1, 1928		Apr. 1, 1927
					Aug. 1, 1928	*Aug. 1, 1928
					Installments—	Aug. 1, 1928
						D3e. 1, 1928
1929	Apr. 30, 1929	Apr. 30, 1929S	Apr. 30, 1929	May 10, 1929	July 1, 1929	Apr. 1, 1929
	(Ten Year Convertible 4½% Gold Debenture Bonds)					July 1, 1929
1930	Apr. 16, 1930	Apr. 16, 1930	Apr. 16, 1930	May 23, 1930	Aug. 1, 1930	*Aug. 1, 1930
					Installments—	Aug. 1, 1930
						Dec. 1, 1930
						Apr. 1, 1931

* Payment in full, optional.

S. Notice to stockholders of special meeting to approve issue of bonds sent Mar. 29, 1929.

[fol. 5747] EXHIBIT X-423, P. 1

Approximate Sales of Panel and Step-by-Step Machine Switching Switchboards

1920-1931 Inclusive (A)

(Dollars in Thousands)

	Panel machine switching	Step-by-step machine switching
1920	$6,587	(B)
1921	23,873	(B)
1922	21,837	(B)
1923	17,477	$4,619
1924	13,264	8,452
1925	11,209	11,822
1926	11,175	12,157
1927	12,061	11,211
1928	14,014	13,026
1929	23,493	15,767
1930	26,970	19,128
1931	32,901	14,499
Total	214,861	110,681

A. Sales exclude Installation and Equipment Specifications but include manual and other W. E. Equipment and Equipment of not W. E. manufacture sold as part of panel and step-by-step switchboards.
B. Figures not available.

[fol. 5748] X-423, P. 2

Copy

Approximate Number of Lines of Panel and Step-by-step Machine Switching Switchboards

(1918-1931, Inclusive (A)

	Panel machine switching	Step-by-step machine switching
1918	10,000	11,200
1919	.....	1,607
1920	85,858	32,073
1921	110,201	47,001
1922	109,818	59,449
1923	108,874	64,156
1924	138,515	113,440
1925	100,649	139,402
1926	99,529	196,320
1927	150,500	174,187
1928	188,880	272,300
1929	308,865	338,349
1930	340,550	388,080
1931	398,890	290,232
Total	2,151,129	2,127,796

A. Figures in each year are the number of lines on switchboard jobs initially shipped in that year. Total lines on a job would be included regardless of how small a portion of total job was shipped if initially shipped in December.

[fol. 5749] EXHIBIT X-424

Comp's Ex. 1—9/23/15. M. C. C.

Memorandum of Proposed Agreement Between the American Telephone and Telegraph Company and the Central Union Telephone Company

The American Company to waive its claim to the right to perform telephone service between Cuyahoga County, Ohio, within the territory of the Cleveland Telephone Company, and the following named counties in the State of Ohio, viz:

Lake, Ashtabula, Geauga, (Trumbull), Mahoning, Portage, Stark, Summit, Medina, Lorain, Erie, Huron, Richland, Ashland, and Wayne; and also between points within the territory of the City and Suburban Telegraph Association of Cincinnati and the following Counties, viz:

Brown, Highland, Clinton, Greene, Clark, Champaign, Miami, Montgomery and Preble, in the State of Ohio, and Wayne, Union, Fayette and Rush, in the State of Indiana; and also between points within the territory of the Chicago Telephone Company, and the following named Counties in the State of Illinois, viz:

Livingston, Marshall, Stark, Putnam, Bureau, LaSalle, Lee, Ogle, DeKalb, Winnebago and Boone; and also between St. Louis, Missouri, and the following named Counties within the State of Illinois, viz:

Madison, Bond, Fayette, Montgomery, Christian, Macon, Macoupin, Greene, Jersey, Calhoun, Pike, Scott and Morgan; and also between Janesville, Wisconsin, and the following named Counties within the State of Illinois, viz:

Winnebago and Boone.

The Central Union Company to waive its claims to the right to do business between points in the respective ter-

[fol. 5750] X-424, 2

ritories of the Cleveland Telephone Company, the Central District and Printing Telegraph Company, The City and Suburban Telegraph Association, the Chicago Telephone Company, the Wisconsin Telephone Company and The Bell Telephone Company of Missouri, and points in the territory of the Central Union Telephone Company outside the Counties hereinbefore mentioned.

The Central Union Company to waive its claims to the American Company all its rights to business between Toledo, Ohio, and Detroit, Michigan.

The Central Union Company also to grant to the American Company the right to do business between all points within the territory of the Central Union Company one hundred miles or more apart, reached by the copper metallic-circuit routes now owned or projected by the American Company, as shown by the diagram exhibit herewith, or by the above-mentioned metallic-circuit lines of the American Company in connection with the lines of the Central Union Company.

The provisions of this Memorandum to be put into effect immediately and to remain in force pending a final adjustment of questions involved, without prejudice to either party, or until ten days' written notice shall have been given by either party to the other of its desire to terminate the same. This arrangement does not include, however, the business in connection with Trumbull County, Ohio.

The business between Detroit and Toledo is expected from this temporary agreement.

Central Union Telephone Co., by H. B. Stone, President. American Telephone & Telegraph Co., by Edward J. Hall, Vice-President.

New York, February 15th, 1894.

[fol. 5751] EXTRACTS FROM EXHIBIT X-426

Contracts, Schedules, Filings and Documents of Illinois Bell Telephone Company relating to Exchange and Toll Services from Chicago Area, effective during period 1923-1931, both inclusive, comprising 280 pages from which the following extracts were taken:

[fol. 5752] X-426, (4)

Ill. C. C. No. 2. Original Sheet No. 2. Cancelling I. P. U. C. No. 1

Illinois Bell Telephone Company

Schedule of Toll Rates

Instructions

The Toll Tariffs consist of the following:

1. Instructions containing the classifications of service.

2. Table of Standard Rates and tables for converting the Initial Station-to-Station Day Rates, shown in the Tariffs, to the rates for other classes of service.

3. List of Special Toll Rates.

4. A United States Government Survey Map of the States of Illinois and a Mileage Scale thereto.

5. "List of Stations" containing all stations in the State of Illinois.

6. A Master Rate Machine with Set of Rate Charts; a mechanical apparatus by means of which rate information is condensed and rate quoting facilitated.

General

The service covered by these tariffs consists in furnishing for the use of patrons facilities, other than exchange facilities, intended for use in telephonic communication between the points listed. The exchange facilities used in connection with this service are the facilities required to establish connection between an exchange station and the toll board, or between an exchange station and the toll trunks, when such trunks are employed to effect connection with the toll board, and the use of such facilities is covered by the charges for exchange service.

Classification of Toll Service

The following classes of toll service are furnished:

Station-to-station Service:

A Station-to-Station Call is one on which the person originating the call does not specify a particular person to

be reached at the called station but gives only the number of the telephone station desired or the name or address under which the telephone is listed.

NOTE. A call which would otherwise be a Station-to-Station Call is classed as a Person-to-Person Call, if request is made to reverse the charges.

Person-to-person Service:

A Person-to-Person Call is one on which the person originating the call specifies a particular person (or an extension station) to be reached at the called place. Under certain conditions a partial charge (known as a "Report Charge") is made where it is impossible to establish communication on a Person-to-Person Call.

Collect Call Service:

A Collect Call is a Person-to-Person Call, the charges for which are to be reversed.

Appointment Call Service:

An Appointment Call is a Person-to-Person Call on which the person originating the call wishes arrangements made in advance with the called station to talk at a specified time.

Messenger Call Service:

A Messenger Call is a Person-to-Person Call involving paid messenger service or requiring the use of a telephone not connected with the Bell System to bring the called party to a Bell Telephone.

Report Charges:

A Report Charge shall be made on Person-to-Person, Collect, Messenger and Appointment Calls, which cannot be completed for the following reasons:

1. If the called party is not available at the called telephone and a report to this effect is given the calling telephone within one hour from the time the call is filed (or within one hour beyond the delay reported to the calling telephone, when traffic to the called place is being accepted subject to delay).

2. If the called party refuses to talk.

3. If, when the call is ready for completion, the calling party refuses to talk or is not available at the calling telephone or no answer can be obtained from the calling telephone, provided this report is obtained within one hour from the time the call is filed (or within one hour beyond the delay reported to the calling telephone, when traffic to the called place is being accepted subject to delay).

4. If, on a collect call, the called telephone or called party refuses to accept the charge for the message.

Issued September 5, 1925.
Effective September 10, 1925.
By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago, Ill.

[fol. 5753] X-426, (5)

Ill. C. C. No. 2. Revised Sheet No. 2. Cancelling Original.

Illinois Bell Telephone Company

Schedule of Toll Rates

Instructions

The Toll Tariffs consist of the following:

1. Instructions containing the classifications of service.

2. Table of Standard Rates and tables for converting the Initial Station-to-Station Day Rates, shown in the Tariffs, to the rates for other classes of service.

3. List of Special Toll Rates.

4. A United States Government Survey Map of the State of Illinois and a Mileage Scale thereto.

5. "List of Stations" containing all stations in the State of Illinois.

6. A Master Rate Machine with Set of Rate Charts; a mechanical apparatus by means of which rate information is condensed and rate quoting facilitated.

General

The service covered by these tariffs consists in furnishing for the use of patrons facilities, other than exchange facilities, intended for use in telephonic communication between the points listed. The exchange facilities used in connection with this service are the facilities required to establish connection between an exchange station and the toll board, or between an exchange station and the toll trunks, when such trunks are employed to effect connection with the toll board, and the use of such facilities is covered by the charges for exchange service.

Classification of Toll Service

The following classes of toll service are furnished:

Station-to-station Service:

A Station-to-Station Call is one on which the person originating the call does not specify a particular person to be reached at the called station but gives only the number of the telephone station desired or the name or address under which the telephone is listed.

On Station-to-Station calls where the initial period rate is 25 cents or more, reversal of charges is permitted (at Station-to-Station Day, Evening or Night rates) provided "anyone" answering at the called station accepts the charges.

When the charges are not so accepted at the called station, and the calling party therefore cancels the call, the regular Report Charge will apply and be assessed against the calling party.

Person-to-person Service:

A Person-to-Person Call is one on which the person originating the call specifies a particular person (or an extension station) to be reached at the called place. Under certain conditions a partial charge (known as a "Report Charge") is made where it is impossible to esfablish communication on a Person-to-Person Call.

Collect Call Service:

A Collect Call is a Call, the charges for which are to be reversed. If the called telephone, or called party, refuses to

accept the charge and the Call is cancelled, a Report Charge shall be made.

Appointment Call Service:

An Appointment Call is a Person-to-Person Call on which the person originating the call wishes arrangements made in advance with the called station to talk at a specified time.

Messenger Call Service:

A Messenger Call is a Person-to-Person Call involving paid messenger service or requiring the use of a telephone not connected with the Bell System to bring the called party to a Bell Telephone.

Report Charges:

A Report Charge shall be made on Person-to-Person, Collect, Messenger and Appointment Calls, which cannot be completed for the following reasons:

1. If the called party is not available at the called telephone and a report to this effect is given the calling telephone within one hour from the time the call is filed (or within one hour beyond the delay reported to the calling telephone, when traffic to the called place is being accepted subject to delay).

2. If the called party refuses to talk.

3. If, when the call is ready for completion, the calling party refuses to talk or is not available at the calling telephone or no answer can be obtained from the calling telephone, provided this report is obtained within one hour from the time the call is filed (or within one hour beyond the delay reported to the calling telephone, when traffic to the called place is being accepted subject to delay).

4. If, on a collect call, the called telephone or called party refuses to accept the charge for the message.

Issued September 1, 1926.
Effective October 1, 1926.
By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago, Ill.

[fol. 5754] X-426, (20)

Illinois Bell Telephone Company

Traffic Agreement

Jan. 1, 1926.

Traffic Agreement Between Illinois Bell Telephone Company, a Corporation under the Laws of Illinois (Herein Called the Bell Company), and —— ——, a Corporation under the Laws of —— (Herein Called the Connecting Company).

Physical connection shall be established and telephone communications interchanged between the system operated by the Connecting Company shown on the annexed map, marked Exhibit "A" and made part hereof, and the system operated by the Bell Company (the latter being part of the general exchange and toll line system commonly known as the "Bell System") upon the following terms and conditions:

1. The Bell Company will connect its system with the lines of the Connecting Company at ——. The Connecting Company will not connect the lines of the Bell Company with the exchanges or toll lines of any individual, firm or corporation other than those indicated on said Exhibit "A" without the written consent of the Bell Company.

2. Each company will make the proper switchboard or other connections and perform the necessary operating for direct and prompt communication between its patrons and the patrons of the other. Each communication interchanged shall take the most direct and economical routing over which satisfactory telephone service can be furnished.

3. The Connecting Company will adopt and comply with the standards, operating methods and rules, including routing instructions, governing the toll service of the Bell Company; will accept both "outward" and "inward" communications on the basis that charges are to be collected at the "inward" station, when requested and agreed to by its patrons; and will require its patrons to observe the toll rules and regulations of the Bell Company.

4. Each company will construct, equip, maintain and operate its system so that good telephone service shall at all times be furnished to the public, and each will by itself or through others furnish adequate toll and exchange facilities therefor.

5. The charges for all communications interchanged hereunder shall be in accordance with such rates as the Bell Company may establish from time to time. No charge shall be made in excess of such rates except a reasonable charge for a messenger when necessary to notify a person for whom a call is received.

6. Each party will receive as full compensation for facilities furnished and services rendered in originating and terminating toll business interchanged hereunder, an amount to be determined in accordance with the following table:

[fol. 5755]

X-426, 21

Table of Commissions

Where the average revenue per cent paid and sent collect message is		The commission per cent paid and sent collect message is	Where the average revenue per cent paid and sent collect message is		The commission per cent paid and sent collect message is
Over	And not over		Over	And not over	
$0.00	$0.125	$0.0650	$0.50	$0.525	$0.1125
.125	.15	.0700	.525	.55	.1150
.15	.175	.0750	.55	.60	.1175
.175	.20	.0800	.60	.65	.1200
.20	.225	.0825	.65	.70	.1225
.225	.25	.0850	.70	.80	.1250
.25	.275	.0875	.80	.90	.1275
.275	.30	.0900	.90	1.00	.1300
.30	.325	.0925	1.00	1.10	.1325
.325	.35	.0950	1.10	1.20	.1350
.35	.375	.0975	1.20	1.30	.1375
.375	.40	.1000			
.40	.425	.1025			
.425	.45	.1050			
.45	.475	.1075			
.475	.50	.1100			

For average revenues per message above $1.30 the commission increases ¼c for each 10c increase in such average revenue per message.

The amount of commission for a given month is determined as follows:

(a) Ascertain the average revenue per sent paid and sent collect message by dividing the total amount of sent paid

and sent collect charges, including report charges (but not including messenger charges), on business of that month, by the number of sent paid and sent collect messages.

(b) From the foregoing table of commissions, ascertain the amount of commission per message corresponding to the average revenue per message.

(c) Multiply the number of sent paid and sent collect messages by the amount of commission per message ascertained from the foregoing table of commissions.

NOTE.—The above compensation shall not be construed as compensation for connection of exchange subscribers with toll boards; such service is performed for the patron and compensated for in the exchange rate.

7. Over and above the commissions computed as above, either party whose average revenue per Outward message is 25 cents or more, and who tickets, times and handles to destination all messages originating at one or more of its offices shall receive an additional commission of 2 cents per Sent Paid and Sent Collect message originating at such offices and their tributaries and passing over the lines of the other party. Such additional commission will therefore apply to all messages passing over the lines of the Bell Company and originating at the following offices of the Connecting Company:——.

[fol. 5756] X-426, 22

8. On all communications passing over the toll lines of both parties hereto, the commissions determined as above shall first be deducted from the through tolls and the remainder shall be prorated in the proportion, in each case, which the length of the Connecting Company's toll line and that of its connecting companies, if involved, bears to the whole length of the toll line used, measured by air line distance between the point of transfer and the respective points of origin and termination.

To facilitate settlements between the parties hereto, the amount to which the Connecting Company shall be entitled hereunder for the use of its toll lines, if involved, shall be computed as an amount per message to be determined from a study of the business handled. Such a study shall be

made of the first month's business interchanged hereunder and the amount per message so determined shall thereafter be used as a basis of subsequent monthly settlements until a new study be made at the request of either party, but not oftener than once in six months.

When completed, a copy of the summary sheets of the initial study and of each subsequent study of the traffic interchanged by and involving the lines of both parties hereto, showing the actual calculations and the mileage allowances used, shall be attached to and become part of this agreement, as Exhibit B. The said sheets of each subsequent study shall cancel and replace the sheets of the preceding study.

9. Each company shall collect all charges for communications originating on its system or the system of any of its connecting companies and shall account and be responsible to the other for the latter's share thereof. Each company shall keep proper records of its transactions hereunder, and such records, together with the vouchers relating thereto, shall at all reasonable times be subject to the inspection by the other. Accounts hereunder shall be adjusted and paid monthly and remittance in full shall be made by the debtor to the creditor within thirty (30) days after receipt of a statement covering the monthly settlements.

10. Under no conditions shall the lines of either company, or of its connecting companies, be exposed to high tension lines except when protected in accordance with the standard specifications of the Bell Company.

11. Neither party hereto shall, in the absence of any negligent act or omission on its part, be liable to the other party for any accident, damages, losses or costs incurred at, on or in connection with its lines or instruments, or by reason of any error in transmitting communications or for the failure of any conversation from any cause whatsoever, and each party hereto will hold the other party harmless from any claim for loss, cost, expense or damage arising out of any such accident, damages, losses, or costs, except as aforesaid.

12. If either company shall default in the payment of any sum due hereunder or shall violate any other provision

of this agreement, and if such default or violation shall continue for thirty (30) days after written notice thereof, the other company may terminate this agreement forthwith by written notice. In addition to the foregoing, the Bell Company may terminate this agreement forthwith in case the Connecting Company without the consent of the Bell Company connects the toll lines of the Bell Company with the exchange or toll lines of any individual, firm or corporation other than as shown in said Exhibit "A."

13. This agreement shall take effect on —— —, 192-, and, unless sooner terminated as herein provided, shall continue in force until and unless terminated by ninety (90) days' notice in writing from either company to the other.

In witness whereof the said companies have caused this agreement to be executed in their behalf this — day of ——, 192-.

Illinois Bell Telephone Co., by ——. ——,
by —— ——.

[fol. 5757] X-426, 23

Illinois Bell Telephone Company

Traffic Agreement

Dec. 1, 1929.

Traffic Agreement Effective as of the — day of ——, 19—, Between the Illinois Bell Telephone Company, a Corporation under the Laws of the State of Illinois, Herein Called the Bell Company, and —— ——, a Corporation under the Laws of the State of ——, Herein Called the Connecting Company

Physical connection shall be established and telephone communications interchanged between the system operated by the Connecting Company as shown on the annexed map marked "Exhibit A," and made a part hereof, and the system operated by the Bell Company, including systems of other companies with which the Bell Company connects, upon the following terms and conditions:

1. The Bell Company will connect its system with the system of the Connecting Company, at the points indicated on "Exhibit A."

The Connecting Company will not, without the written consent of the Bell Company, connect the lines of the Bell Company with the exchanges or toll lines of any individual, firm or corporation other than those shown on said "Exhibit A."

2. Each Company will make the proper switchboard or other connections and perform the necessary operating for direct and prompt communication between its patrons and the patrons of the other.

3. With respect to all matters covered by this agreement, the Connecting Company will adopt and comply with the Bell Company's directions as to routes, over which communications are to be routed, and also with its operating methods and rules. The Connecting Company will accept both outward and inward communications on the basis that the charges are to be collected at the inward station when requested and agreed to by its patrons, and will require its patrons to observe the rules and regulations of the Bell Company. The Connecting Company will, upon request, furnish such information as the Bell Company may reasonably require.

4. Each company will construct, equip, maintain and operate its system so that good telephone service shall be furnished to the public at all times, and each will by itself or through others furnish adequate toll and exchange facilities therefor.

5. The charges for all communications interchanged hereunder shall be in accordance with such rates as the Bell Company may from time to time establish or adopt. No charge shall be made in excess of such rates, except a reasonable charge for a messenger, when necessary to notify a person for whom a call is received.

6. The amount to be received by each company for facilities furnished and services rendered hereunder shall be determined in accordance with the following Basis of Settlement. Each company shall collect all charges payable by its patrons for communications originating or terminating on its system or the system of any of its connecting companies and shall account and be responsible to the other for the latter's share thereof. Each company shall keep proper records of its transactions hereunder, and such

records shall be at all reasonable times subject to inspection by the other. Accounts hereunder shall be adjusted and paid monthly, and remittance in full shall be made by the debtor to the creditor within thirty (30) days after the close of the period covered by the monthly settlement.

Basis of Settlement

A. Definition:

The term "originating message" shall include only sent paid messages and sent collect messages.

[fol. 5758] X-426, 24

B. Commissions:

Where the average revenue per originating message is		The commission per message is		Where the average revenue per originating message is		The commission per message is	
Over	And not over	Schedule "A"	Schedule "B"	Over	And not over	Schedule "A"	Schedule "B"
$.00	$.125.....	$.065	$.005	$.425	$.45	$.105	$.045
.125	.15	.07	.008	.45	.475.....	.1075	.046
.15	.175.....	.075	.013	.475	.50	.11	.047
.175	.20	.08	.017	.50	.525.....	.1125	.048
.20	.225.....	.0825	.021	.525	.55	.115	.049
.225	.25	.085	.025	.55	.60	.117	.05
.25	.275.....	.0875	.029	.60	.65.....	.118	.052
.275	.30	.09	.033	.65	.70	.119	.054
.30	.325.....	.0925	.036	.70	.75	.12	.056
.325	.35	.095	.039	.75	.80	.121	.058
.35	.375.....	.0975	.041	.80	.85	.122	.059
.375	.40	.10	.043	.85	.90	.123	.06
.40	.425.....	.1025	.044	.90	.95	.124	.061
				.95	1.00	.125	.062

NOTE.—For average revenues per message above $1.00, the commission per message increases $.001 in both schedules for each 10c increase in revenue per message.

Schedule A will apply to all originating messages whether handled to completion by the originating company or passed to some other point, commonly known as a toll center for handling and completion to destination.

Schedule B will apply as additional commission to all originating messages that are handled and completed by the orginating company to destination.

The commission shown under Schedule A of the foregoing table shall be computed and the amount to which each Company is entitled thereunder shall be determined for a given month as follows:

a. Compute the average revenue per originating message by dividing the sum of the charges for such messages, including report charges, by the number of such messages during the month.

b. Ascertain from Schedule A the amount of commission per message corresponding to the average revenue per message.

c. Multiply the total number of such originating messages by the amount of commission per message so ascertained.

The additional commission shown under Schedule B of the foregoing table and the amount to which each company is entitled thereunder shall be determined for a given month as follows:

a. Compute the average revenue per originating message to which Schedule B shall apply by dividing the sum of the charges for such messages, including report charges, by the number of such messages during the month.

b. Ascertain from Schedule B the amount of additional commission per message corresponding to the average revenue per message.

c. Multiply the total number of such originating messages by the amount of additional commission per message so ascertained.

The commission determined as above is the total amount to be received by each company for facilities furnished and service rendered in originating and terminating communications interchanged under said Traffic Agreement but does not include compensation for the use of exchange service and facilities required to establish connection between an exchange station and the toll terminal plant, for the use of which facilities each company is compensated by its rates for exchange service.

7. For all communications interchanged hereunder, each company shall be entitled to receive as its share of the toll charges, including report charges, the proportion of such charges that the length of its toll lines used therefor bears to the total length of the toll lines so used. Measurements shall be by air-line distance over first routes shown in Bell

Company's routing instructions, between the point or points of connection of the systems of the companies and the respective originating and teerminating toll rate centers. The commissions applicable shall first be deducted from the toll charges and the remainder shall be subject to prorate.

[fol. 59] X-426, 25

To facilitate settlement between the companies the amount, to which Connecting Company shall be entitled as prorate, shall be determined from a study of the traffic interchanged during a month agreed upon between the companies, and equated as an amount per originating proratable message of Connecting Company.

Subsequent studies to determine whether there should be a change in the amount per originating message shall be made from time to time on request of either company, but not oftener than once in six months unless rendered necessary by physical changes in the toll system of either company or by important changes in toll routing.

The total amount to which Connecting Company shall be entitled as prorate in any month shall be determined by multiplying the amount per message so developed by the number of its originating proratable messages during such month.

8. The above provisions as to commissions and prorate shall not apply to trans-Atlantic and other similar trans-oceanic communications originating or terminating on the system of Connecting Company. In lieu of all charges for facilities furnished and services rendered in connection with trans-Atlantic communications, the Connecting Company shall be entitled to have included in the computations for ascertaining commissions and prorate, the number of messages and the same amount as if each such trans-Atlantic communication had been a person-to-person message to or from the City of New York.

9. Charges for messenger service shall not be included in the amount upon which commissions and prorates are calculated. Each company shall reimburse the other Company for such charges expended at the request of the company originating the message and any such amount shall

be included in the monthly settlement between the companies.

10. Each company shall take reasonable precautions in the location, construction and maintenance of its lines for protection against hazard and interference from foreign wire lines.

11. If either company shall default in the payment of any sum due hereunder, or shall violate any other provision of this agreement, and if such default or violation shall continue for thirty (30) days after written notice thereof, the other company may terminate this agreement forthwith by written notice.

In addition to the foregoing, the Bell Company may terminate this agreement forthwith in case the Connecting Company without written consent of the Bell Company connects the lines of the Bell Company with the exchange or lines of any individual, firm, or corporation other than as shown in said "Exhibit A."

12. The failure of either company hereto to comply with or to enforce or to insist upon compliance by the other company with any of the terms and conditions of this agreement, or the waiver by either company hereto of the same in any instance or instances, shall not be construed as a general waiver or relinquishment of any such terms or conditions, but the same shall be and remain at all times in full force and effect.

13. Except as to any sums due thereunder, this agreement cancels all previous agreements between the companies or their respective predecessors covering interchange of communications.

14. Unless sooner terminated as herein provided, this agreement shall continue in force until terminated by ninety (90) days prior notice in writing from either company to the other.

In witness whereof the respective companies have caused this agreement to be executed in their behalf this — day of ——, 19—.

Illinois Bell Telephone Company, by —— ——. ——
——, by —— ——.

[fol. 5760] X-426, 27

I. P. U. C. No. 1, Sheet No. 2

Illinois Bell Telephone Company—Chicago Exchange

Regulations

Use and Care of Equipment.—The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the company unimpaired or to insure, indemnify and pay the Company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, nor impersonate any other individual with fraudulent or malicious intent.

Exchange Service.—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding five minutes' duration between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, lessee or patron is forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part.

The Company Does not Guarantee Uninterrupted Working of the Lines or Equipment.—For any complete failure of service of which notice in writing has been sent to the

Company's General Offices, and continued for more than twenty-four hours, thereafter, an abatement of the contract charge for the period of such interruption shall be made.

Subscriber's Telephone Number.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

Private Branch Exchange Operation.—Operators employed by the subscribers for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

Collections from coin boxes will be made about once a month, or oftener if necessary. In Coin Box Service a five-cent piece shall be dropped into the slot, in accordance with instructions on the instrument, each time a local call is made, and will be "collected" by the operator and retained by the Company if the subscriber is put into communication with any one at the telephone number called for. All other coins or tokens found in the box shall be redeemed by the subscriber at the rate for the service for which they were used. The Subscriber Shall Make Settlement and Pay Deficiency, if Any, When the Collector Calls.

Settlement for classes of service other than coin-box service is due upon receipt of bills rendered about the first of each month. As soon as possible after the 14th day of each month, the Company will mail to a delinquent subscriber a written notice of the amount due and unpaid, and of the Company's intention to discontinue the service unless the said amount be paid. If the amount remains unpaid seven days after the mailing of such notice, the service will be discontinued. All remittances should be made to Illinois Bell Telephone Company, Commercial Department, 212 West Washington Street, Chicago, Illinois.

The Company will not give service to an applicant unless all previous indebtedness of the applicant to the Company for telephone service at the same or other address of the applicant has been paid in full.

Alterations.—The subscriber agrees to notify the company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessi-

tate changes in the Company's equipment; and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

Change of Address or Location.—The Company will move the equipment to any point where the Company furnishes similar service, within the limits of the same Exchange system accessible with its facilities, upon written order, provided the subscriber agrees to pay the Company's current charges therefor.

After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

Termination.—The subscriber or the Company may terminate the contract on current terms by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days; and the Company will refund the portion of any payment made in advance but still unearned at the end of such ten days.

Reinstatement Charges.—Whenever a subscriber's telephone service has been discontinued for non-payment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

Issued December 27, 1920.
Effective January 1, 1921.

By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago, Ill.

[fol. 5761] X-426, 28

I. P. U. C. No. 1, Revised Sheet No. 2. Cancelling Original

Illinois Bell Telephone Company—Chicago Exchange

Regulations

Use and Care of Equipment.—The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the company unimpaired or to insure, indemnify and pay the Company for any loss or

injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, nor impersonate any other individual with fraudulent or malicious intent.

Exchange Service.—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding five minutes' duration between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, lessee or patron is forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part.

The Company Does not Guarantee Uninterrupted Working of the Lines or Equipment.—For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours, thereafter, an abatement of the contract charge for the period of such interruption shall be made.

Subscriber's Telephone Number.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

Private Branch Exchange Operation.—Operators employed by the subscribers for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

Settlement.—Collections from coin boxes will be made about once a month, or more often if necessary. In Coin Box Service a five-cent piece shall be dropped into the slot each time a local call is made, and will be "collected" by

the operator and retained by the Company if the subscriber is put into communication with any one at the telephone number called. All other coins or tokens found in the coin box shall be redeemed by the subscriber at the rate for the service for which they were used. The Subscriber Shall Make Settlement and Pay Deficit, if Any, When the Collector Calls. If all amounts due are not paid to the collector at the time of collection, a final notice will be left with the subscriber or any other person on the premises, stating the amount due and notifying the subscriber that service will be denied if the amount is not paid within seven days. If said amount is not paid within seven days, the company may then deny service to subscriber.

Settlement for classes of service other than coin-box service is due upon receipt of bills, which are rendered once a month and are payable at the office of the Company. If not paid on or before the 14th day after the issuance of the bill, a written notice may be sent to subscriber, calling attention to the fact that the amount is due, and if payment is not made within seven days thereafter, the Company may discontinue service without further notice.

Settlement for Previous Indebtedness.—The Company will not furnish service to an applicant unless all previous indebtedness of the applicant to the Company, for telephone service at the same or other address of the applicant has been paid in full.

Alterations.—The subscriber agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment; and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

Change of Address or location.—The Company will move the equipment to any point where the Company furnishes similar service within the limits of the same Exchange system accessible with its facilities, upon written order, provided the subscriber agrees to pay the Company's current charges therefor.

After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

Termination.—The subscriber or the Company may terminate the contract on current terms by giving ten days' written notice, in which case the subscriber shall pay in full

to the end of such ten days; and the Company will refund the portion of any payment made in advance but still unearned at the end of such ten days.

Reinstatement Charges.—Whenever a subscriber's telephone service has been discontinued for non-payment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

Issued October 31, 1927.

Effective December 1, 1927.

By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago, Ill.

[fol. 5762] X-426, 35

I. P. U. C. No. 1. First Revised Sheet No. 5, Canceling Original

Illinois Bell Telephone Company—Chicago Exchange

Rates for Miscellaneous Service

Note.—Increased rates shown in heavy type

Business and Residence

	Monthly rate
Extension Line:	
a. Line connecting a switchboard of telephone in one premises with a switchboard or telephone in another premises, measured by the most direct street distance, for one-half mile or less	**$4.50**
b. For each additional quarter mile or fraction	**1.25**
c. Line connecting two private branch exchange switchboards or telephones of a subscriber in the same building	**4.50**
Extension Telephone:	
Extension telephone in same premises with main telephone, or connected with main telephone by extension line as above—Business	.75
Same—Residence	.50

Not more than one extension is permitted on a four-party line; not more than three extensions are permitted on a two-party line; and not more than four extensions on a single line.

Extra Name:

For insertion in the telephone directory of names of telephone users on the same premises not partners, officers, employes or members of the family, each ..... .50

Private Line:

a. Telephone line connecting any two points within Chicago, measured by the most direct street distance, for one-half mile or less 4.50
b. For each additional quarter mile, or fraction .. 1.25
c. Telephones connected with private lines, each .... .75

Spring Jacks:

Used in connection with terminal stations on switchboards, for each jack ..... .50

Key Cabinets:

Without lamp signals, one or two line ..... .50
With lamp signals, one to six lines, per key ..... .50
Extra Head Receiver with Cap or Hook ..... .08
Extra Double Head Receiver ..... .25
Extra Operator's Set ..... .29
(Breast plate transmitter and head receiver.)

Long Distance Terminal:

For long distance and toll use only; terminates in the long distance switchboard; including mileage charge, measured by the most direct street distance, from the Exchange through which subscriber's line is operated to Toll center, 111 N. Franklin Street, for first one-half mile or less .. 4.50
For each additional quarter mile or fraction 1.25

Telegraph Privileges:

Private Line or Connecting Trunk equipped with composite circuit for telegraphing and telephoning, per station 2.08
(Above rental is in addition to regular rental for private line or connecting trunk.)

Service Furnished Outside of City Limits:

Subscriber's premises to nearest Metropolitan Exchange, measured by the most direct street distance, per mile	3.33
From nearest Metropolitan Exchange to Toll center, 111 N. Franklin Street, per mile	1.67
Class 1 MB service, including first 80 out-going messages	4.00
Additional messages as per Class 1 MB schedule.	
*Plan D-9:	
Special switch to cut out main or extension instrument; works automatically	.25
*Plan D-10:	
Special switch to cut out main extension instrument	.25
*Plan D-11:	
Special arrangement so that main telephone and extension can be used as a Private Line	.75
*Plan D-12:	
Special switch so the extension telephone can be used with two different lines	.50
*Plan D-13:	
Same as Plan D-12 with additional apparatus enabling the subscriber to cut out the main or extension telephone	.63

* Note. The above plans are not installed in connection with party lines, mileage extensions or mileage terminals.

Issued December 27, 1920.
Effective January 1, 1921.

By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago, Ill.

[fol. 5763] X-426, 74

I. P. U. C. No. 565, Sheet No. 2

Chicago Telephone Company—Chicago Exchange Regulations

Use and Care of Equipment.—The subscriber shall not make, permit, or use any electrical or mechanical connec-

tions or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the company unimpaired or to insure, indemnify and pay the company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, nor impersonate any other individual with fraudulent or malicious intent.

Exchange Service.—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding five minutes' duration between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, lessee or patron is forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part.

The Company Does not Guarantee Uninterrupted Working of the Lines or Equipment.—For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours thereafter, an abatement of the contract charge for the period of such interruption shall be made.

Subscriber's Telephone Number.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

Private Branch Exchange Operation.—Operators employed by the subscribers for the operation of private

branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

Collections from coin boxes will be made about once a month, or oftener if necessary. In Nickel Coin Box Service a five-cent piece shall be dropped into the slot, in accordance with instructions on the instrument, each time a local call is made, and will be "collected" by the operator and retained by the Company if the subscriber is put into communication with any one at the telephone number called for. All other coins or token found in the box shall be redeemed by the subscriber at the rate for the service for which they were used. The subscriber shall make settlement and pay deficiency, if any, when the collector calls.

Settlements for classes of service other than nickel coin box service are due upon receipt of bills rendered about the first of each month. Payment should always be made before the 15th of the month. All remittances should be made to Chicago Telephone Company, Commercial Department, 212 W. Washington Street, Chicago. To avoid suspension of their service and inconvenience to their patrons and other users subscribers are urged to settle their accounts before they become delinquent.

Alterations.—The subscriber agrees to notify the company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment, and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

Change of Address or Location.—The Company will move the equipment to any point where the Company furnishes similar service, within the limits of the same Exchange system accessible with its facilities, upon written order when the subscriber agrees to pay the Company's current charges therefor.

After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

Termination.—The subscriber or the Company may terminate the contract on current terms by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days; and the Company will refund the portion of any payment made in advance but still unearned at the end of such ten days.

Reinstatement Charges.—Whenever a subscriber's telephone service has been discontinued for non-payment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

Issued June 25, 1920.

Effective July 1, 1920.

By A. R. Bone, General Commercial Superintendent, 212 W. Washington St., Chicago.

[fol. 5764] X-426, P. 75

I. P. U. C. No. 42A, Sheet No. 4, Issued and Filed August 1, 1919, Effective August 1, 1919.

(Here follow side folios 5765, 5766, 5767, 5768, 5769, 5770, 5771, and 5772)

EXHIBIT X-426

75

9

REGULATIONS

USE AND CARE OF EQUIPMENT.—The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the company unimpaired or to insure, indemnify and pay the company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, nor impersonate any other individual with fraudulent or malicious intent.

EXCHANGE SERVICE.—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding **five minutes' duration** between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, the Company and its lessees and patrons are forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part.

THE COMPANY DOES NOT GUARANTEE UNINTERRUPTED WORKING OF THE LINES OR EQUIPMENT. For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours thereafter, an abatement of the contract charge for the period of such interruption shall be made.

SUBSCRIBER'S TELEPHONE NUMBER.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

PRIVATE BRANCH EXCHANGE OPERATION.—Operators employed by the subscriber for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

COLLECTIONS from coin boxes will be made about once a month, or oftener if necessary. *In Nickel Coin Box Service a five-cent piece shall be dropped into the slo in accordance with instructions on the instrument, each time a local call is made,* and will be "collected" by the operator and retained by the Company if the subscriber is put into communication with **any one** at the telephone number called for. All other coins or tokens found in the box shall be redeemed by the subscriber at the rate for the service for which they were used. **The Subscriber Shall Make Settlement and Pay Deficiency, if Any, when the Collector Calls.**

SETTLEMENTS for classes of service other than nickel coin box service are due upon receipt of bills rendered about the first of each month. Payment should always be made *before* the 15th of the month. All remittances should be made to **Chicago Telephone Company, Commercial Department, 212 W. Washington Street, Chicago.** To avoid suspension of their service and inconvenience to their patrons and other users subscribers are urged to settle their accounts before they become delinquent.

ALTERATIONS.—The subscriber agrees to notify the Company promptly **in writing** whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment; and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

CHANGE OF ADDRESS OR LOCATION.—The Company will move the equipment to any point where the Company furnishes similar service, within the limits of the same Exchange system accessible with its facilities, upon written order when the subscriber agrees to pay the Company's current charges therefor.

After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

TERMINATION.—The subscriber or the Company may terminate the contract on current terms by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days; and the Company will refund the portion of any payment made in advance but still unearned at the end of such ten days.

REINSTATEMENT CHARGES.—Whenever a subscriber's telephone service has been discontinued for non-payment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

5765

A2391

X-426 96 10

REGULATIONS WITH WHICH SUBSCRIBERS HAVE AGREED TO COMPLY

USE AND CARE OF EQUIPMENT.—The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the Company unimpaired or to insure, indemnify and pay the Company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, or impersonate any other individual with fraud or of malicious intent.

EXCHANGE SERVICE City or Neighborhood) Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago. Subscribers to Neighborhood Exchange service may transmit local messages to all exchange telephones within the limits of the Neighborhood Exchange in which their telephones are located.

A local message is a communication not exceeding **five minutes' duration** between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, the Company and its lessees and patrons, are forbidden to charge any person more than five cents for a single conversation or message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part. The use of classes of service is restricted by said ordinance and these regulations as follows:

Flat rate business service is furnished for the use of subscribers and their employes only in their business.

Flat rate residence service is furnished for the use of subscribers and their families only at their residences.

Measured service is furnished for business use of subscribers and their employes only in their business or for residence use of subscribers and their families only at their residences and for the use of such extra name users on the same premises as may be contracted for by the subscribers.

Nickel coin box service business or residence is for the use of subscribers (and others permitted by the subscribers) upon depositing proper coins.

THE COMPANY DOES NOT GUARANTEE UNINTERRUPTED WORKING OF THE LINES OR EQUIPMENT. For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours thereafter, an abatement of the contract charge for the period of such interruption shall be made.

SUBSCRIBER'S TELEPHONE NUMBER.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

PRIVATE BRANCH EXCHANGE OPERATION.—Operators employed by the subscriber for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

COLLECTIONS from coin boxes will be made about once a month, or oftener if necessary. *In Nickel Coin Box Service a five-cent piece shall be dropped into the slot, in accordance with instructions on the instrument, each time a local call is made,* and will be retained by the Company if the subscriber is put into communication with **any one** at the telephone number called for. All other coins or tokens found in the box shall be redeemed by the subscriber at the rate for the service for which they were used. **The Subscriber Expressly Agrees to Make Settlement and Pay Deficiency if Any when the Collector Calls.**

Settlements for other classes of service are due upon receipt of bills rendered about the first of each month. Payment should always be made *before* the 15th of the month. All remittances should be made to **Chicago Telephone Company, Commercial Department, 212 W. Washington Street, Chicago.** Subscribers are urged to settle their accounts before they become delinquent to avoid suspension of their service and inconvenience to their patrons and other users.

ALTERATIONS.—The subscriber agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment, and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

CHANGE OF ADDRESS OR LOCATION. The Company will move the equipment to any point where the Company furnishes similar service, within the limits of the same Exchange system accessible with its facilities, upon written order when the subscriber agrees to pay the Company's current charges therefor. Such removal will be made without charge if service without change in line on the premises of the subscriber, or in equipment or class of service, has been continuous at one address and in the *same name* for one year or more, but such removal without charge will constitute an express extension of the subscriber's contract for a period of one year from the completion of the removal. After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

TERMINATION.—The subscriber or the Company may terminate the contract on current terms of liquidated damages applying to his class of equipment and service at any time before the equipment has been in use one year at one address or location and may terminate after said year by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days, and the Company will refund the portion of any payment made in advance unearned at the end of such ten days.

REINSTATEMENT CHARGES.—Whenever a subscriber's telephone service has been discontinued for nonpayment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

APPROVED:

CHICAGO, ILLINOIS, MAY 2 - 1917 19

Vice-President.

General Manager

5766

19221

Effective July 1913 V-426 77

REGULATIONS WITH WHICH SUBSCRIBERS HAVE AGREED TO COMPLY

USE AND CARE OF EQUIPMENT.—The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the Company unimpaired or to insure, indemnify and pay the Company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, or impersonate any other individual with fraudulent or malicious intent.

EXCHANGE SERVICE (City or Neighborhood).—Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago. Subscribers to Neighborhood Exchange service may transmit local messages to all exchange telephones within the limits of the Neighborhood Exchange in which their telephones are located.

A local message is a communication not exceeding **five minutes' duration** between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, the Company and its lessees and patrons, are forbidden to charge any person more than five cents for a single conversation or message transmitted to any point within the City of Chicago from any telephone furnished under the contract of which these regulations are a part. The use of classes of service is restricted by said ordinance and these regulations as follows:

Flat rate business service is furnished for the use of subscribers and their employes only in their business.

Flat rate residence service is furnished for the use of subscribers and their families only at their residences.

Measured service is furnished for business use of subscribers and their employes only in their business or for residence use of subscribers and their families only at their residences and for the use of such extra name users on the same premises as may be contracted for by the subscribers.

Nickel coin box service business or residence is for the use of subscribers (and others permitted by the subscribers) upon depositing proper coins.

THE COMPANY DOES NOT GUARANTEE UNINTERRUPTED WORKING OF THE LINES OR EQUIPMENT. For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours thereafter, an abatement of the contract charge for the period of such interruption shall be made.

SUBSCRIBER'S TELEPHONE NUMBER.—Each subscriber's telephone is designated by an exchange prefix and number, which are placed to the right of his name in the telephone directory. This prefix and number are no part of the contract with the Company, and may be changed by the Company when necessary.

PRIVATE BRANCH EXCHANGE OPERATION.—Operators employed by the subscriber for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

COLLECTIONS from coin boxes will be made about once a month, or oftener if necessary. *In Nickel Coin Box Service a five-cent piece shall be dropped into the slot, in accordance with instructions on the instrument, each time a local call is made,* and will be retained by the Company if the subscriber is put into communication with **any one** at the telephone number called for. All other coins or tokens found in the box shall be redeemed by the subscriber at the rate for the service for which they were used. **The Subscriber Expressly Agrees to Make Settlement and Pay Deficiency if Any when the Collector Calls.**

Settlements for other classes of service are due upon receipt of bills rendered about the first of each month. Payment should always be made *before* the 15th of the month. All remittances should be made to **Chicago Telephone Company, Commercial Department, 212 W. Washington Street, Chicago.** Subscribers are urged to settle their accounts before they become delinquent to avoid suspension of their service and inconvenience to their patrons and other users.

ALTERATIONS.—The subscriber agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment, and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

CHANGE OF ADDRESS OR LOCATION. The Company will move the equipment to any point where the Company furnishes similar service within the limits of the same Exchange system accessible with its facilities, upon written order when the subscriber agrees to pay the Company's current charges therefor. Such removal will be made without charge if service without change in line on the premises of the subscriber, or in equipment or class of service, has been continuous at one address and in the *same name* for one year or more, but such removal without charge will constitute an express extension of the subscriber's contract for a period of one year from the completion of the removal. After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

TERMINATION.—The subscriber or the Company may terminate the contract on current terms of liquidated damages applying to his class of equipment and service at any time **before** the equipment has been in use one year at one address or location, and may terminate **after** said year by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days, and the Company will refund the portion of any payment made in advance unearned at the end of such ten days.

REINSTATEMENT CHARGES.—Whenever a subscriber's telephone service has been discontinued for nonpayment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

APPROVED: _____ Vice-President.

_____ General Manager

CHICAGO, ILLINOIS_____ 19

5767

49220

84

X-426

I. P. U. C. No. 1
SHEET NO. 2

A. SCHEDULE OF TOLL RATES

Station-to-Station Service

The term Station to Station service is defined as a connection between any two telephones, including private branch exchange switchboard operators, and does not contemplate the establishment of conversation between particular individuals.

Under Station to Station rates a charge for a message is made in all cases where a connection is established with the called station. The charges for a Station to Station message shall not be reversed, i. e., collected at the called station.

Message Rates (Station-to-Station Basis)

Day Rates: 4:30 A. M. to 8:30 P. M.

Mileage Bands: Over	Not Over	Initial Rate		Overtime Rate	
		Rate	Minutes or Fraction Thereof	Rate	Minutes or Fraction Thereof
0	12	$0.10	5	$0.05	3
12	18	.15	5	.05	2
18	24	.20	5	.05	2
24	32	.25	5	.05	1
32	40	.30	3	.10	1
40	48	.35	3	.10	1
48	56	.40	3	.10	1

For each additional 8 miles or fraction thereof, 5 cents additional. All initial rates for distances beyond 56 miles are for periods of three minutes or fraction thereof.

Overtime rate for distances more than 48 miles, approximately one-third initial rate for each additional minute or fraction thereof.

Evening Rates: Between 8:30 P. M. and 12 Midnight, **One-half** of the day rates.

Night Rates: Between 12 Midnight and 4:30 A. M., **One-fourth** of the day rates.

Minimum "Evening" or "Night" rates, 25 cents.

In applying Day, Evening and Night rates, the time of day at the originating point shall govern.

The time at which connection is established governs the rate in determining whether the Day, Evening or Night charge applies.

If connection is established in one period and terminates in another, the rate in effect at the time the connection is established applies to the entire message.

Person-to-Person Service

Calls for particular individuals are accepted at a rate **one-fourth more** than those quoted under Station to Station service, subject to the following regulations.

Orders for Person to Person service are accepted only under the condition that a limited charge, to be known as **"Report Charge"**, will be made in the event the Company is unable to establish communication for any one of the following reasons:

1. When the order is to establish communication with a particular person in a given city, telephone address unknown, and the particular person cannot be secured within one hour (exclusive of any time during which "no circuits" or other cause prevents communication of the order to the distant city or exchange, or its completion).

2. When the designated person called refuses to talk.

3. When the report is returned that the designated person called is "out" or "out and will return at (specified time)" or "out and time of return unknown" or "is absent from the city," and similar reports advising the calling subscriber of the facts ascertained when failure to complete the order is due solely to the circumstances of the called person or to fault in describing the location of the called person, and when all of the work preliminary to establishing communication with the called person is done.

4. When communication between the designated persons cannot be established because the designated person at the calling station is absent at the calling station, provided that no charge shall be made in such cases where the delay, if any, in establishing connection is greater than one hour.

5. When the designated person at the calling station refuses to talk when the facilities for communication have been established.

A **Report Charge** in addition to regular message charge is not made provided the call is completed on the day it is filed.

In any case where a Report Charge applies the minimum Report Charge is 5 cents and the maximum $2.00, approximately **one-fourth** of the initial Station to Station rate.

No Person to Person rate shall be less than 15 cents.

To points where the Station to Station rate is 10 cents, a Person to Person call is accepted at the 15 cent rate.

The initial period on all Person to Person calls is three minutes. An additional charge is made for each additional minute or fraction thereof. On a 15 cent, 20 cent or 25 cent message the charge for each additional minute is 5 cents. On a 30 cent message the charge for each additional minute is 10 cents and on all messages where the initial rate is 40 cents or more a charge equal to approximately **one-third** the initial rate is made for each additional minute or fraction thereof.

Appointment Calls: An Appointment Call is a Person to Person call on which communication is to be established at a specified time.

The rate for an Appointment Call is approximately **one-half** more than the Station to Station rate, but in the case of any Appointment Call where the distant station is reached, whether the appointment be made or not, the Report Charge applicable in case of Person to Person calls shall be made.

Messenger Calls: Messenger Calls are Person-to-Person calls requiring the use of a messenger to secure a designated person.

The rates for Messenger Calls shall be the same as apply to Appointment Calls, plus any charges that may be required for the service of messengers.

Messenger charges incurred are to be paid even if desired conversation is not held.

Collect Calls: Collect Calls are Person-to-Person calls, the charges for which are "reversed", that is, to be collected from the called station, provided the charges are accepted by the person called.

Evening and Night Rates as described in Station to Station schedule do not apply to Person-to-Person calls, the rate being the same on these either day, evening or night.

Issued December 27, 1920.
Effective January 1, 1921.

By A. R. BONE, General Commercial Superintendent.
212 W. Washington St., Chicago, Ill.

5768

X-426

85

I. P. U. C. No.
CANCELING I. P. U. C. No. 3

CHICAGO TELEPHONE COMPANY
SCHEDULE OF TOLL RATES

Station-to-Station Service

The term Station-to-Station service is defined as a connection between any two telephones including private branch exchange switchboard operators and does not contemplate the establishment of conversation between particular individuals.

Under Station-to-Station rates a charge for a message is made in all cases where a connection is established with the called station. The charges for a Station-to-Station message shall not be "reversed," i. e. collected at the called station.

MESSENGER RATES (STATION-TO-STATION BASIS)

Day Rates:—8:30 A. M. to 8:30 P. M.

Actual Message Distances		Initial Rate		Overtime Rate	
More than Miles	But not Exceeding Miles	Rate	Minutes or Fraction Thereof	Rate	Minutes or Fraction Thereof
0	12	$0 10	5	$0 05	3
12	18	15	5	05	2
18	24	20	5	05	2
24	32	25	5	05	1
32	40	30	3	10	1
40	48	35	3	10	1
48	56	40	3		

Overtime rate for distances more than 48 miles approximately one third initial rate for each additional minute or fraction thereof.

For each additional 8 miles or fraction thereof, 5 cents additional. All initial rates for distances beyond 56 miles are for periods of three minutes or fraction thereof.

Evening Rates: Between 8:30 P. M. and 12 Midnight, **One-half** of the day rates.

Night Rates: Between 12 Midnight and 4:30 A. M., **One-fourth** of the day rates.

Minimum "Evening" or "Night" rates, 25 cents.

In applying "Day, Evening and Night rates, the time of day at the originating point shall govern.

The time at which connection is established governs the rate in determining whether the Day, Evening or Night charge applies.

If connection is established in one period and terminates in another, the rate in effect at the time the connection is established applies to the entire message.

Person-to-Person Service

Calls for particular individuals are accepted at a rate **one-fourth more** than those quoted under Station-to-Station service, subject to the following regulations:

Orders for Person-to-Person service are accepted only under the condition that a limited charge (to be known as **"Report Charge"**) will be made in the event the Company is unable to establish communication for any one of the following reasons:

1.—When the order is to establish communication with a particular person in a given city, telephone address unknown, and the particular person cannot be secured within one hour (exclusive of any time during which "no circuits" or other cause prevents communication of the order to the distant city or exchange, or its completion).

2.—When the designated person called refuses to talk.

3.—When the report is returned that the designated person called is "out" or "out and will return at (specified time)" or "out and time of return unknown," "is absent from the city," and similar reports advising the calling subscriber of the facts ascertained when failure to complete the order is due solely to the circumstances of the called person or to fault in describing the location of the called person, and when all of the work preliminary to establishing communication with the called person is done.

4.—When communication between the designated persons cannot be established because the designated person, at the calling station is absent from the calling station; provided that no charge shall be made in such cases where the delay, if any, in establishing connection is greater than one hour.

5.—When the designated person at the calling station refuses to talk when the facilities for communication have been established.

A **Report Charge** in addition to regular message charge is made provided the call is completed on the day it is filed.

In any case where a Report Charge applies, the minimum Report Charge is 5 cents and the maximum $2.00—approximately **one-fourth** of the initial Station-to-Station rate.

No Person-to-Person rate shall be less than 15 cents.

To points where the Station-to-Station rate is 10 cents, a Person-to-Person call is accepted at the 15 cent rate.

The initial period on all Person-to-Person calls is three minutes. An additional charge is made for each additional minute or fraction thereof. On a 15 cent, 20 cent or 25 cent message the charge for each additional minute is 5 cents. On a 30 cent message the charge for each additional minute is 10 cents and on all messages where the initial rate is 40 cents or more a charge equal to approximately **one-third** the initial rate is made for each additional minute or fraction thereof.

Appointment Calls:—An Appointment Call is a Person-to-Person call on which communication is to be established at a specified time.

The rate for an Appointment Call is approximately **one-half** more than the Station-to-Station rate; but in the case of any Appointment Call, where the distant station is reached, whether the appointment be made or not, the Report Charge applicable in case of Person-to-Person calls shall be made.

Messenger Calls:—Messenger Calls are Person-to-Person calls requiring the use of a messenger to secure a designated person.

The rates for Messenger Calls shall be the same as apply to Appointment Calls, plus any charges that may be required for the service of messengers.

Messenger charges incurred are to be paid even if desired conversation is not held.

Collect Calls:—Collect Calls are Person-to-Person calls; the charges for which are "reversed"; that is, to be collected from the called station, provided the charges are accepted by the person called.

Evening and Night Rates as described in Station-to-Station schedule do not apply to Person-to-Person calls, the rate being the same on these either day, evening or night.

December 1, 1919.

ISSUED November 29, 1919.

BY A. F. Bone

GENERAL COMMERCIAL SUPERINTENDENT

1920

5769

X-426

86 17.

Tribune

Dec. 2, 1929.

PUBLIC NOTICE

Notice of [illegible]

TO PATRONS OF THE ILLINOIS BELL TELEPHONE COMPANY

Illinois Bell Telephone Company hereby gives notice to the public that it has filed with the Illinois Commerce Commission a tariff which will change the rates for [illegible] Exchange Toll Service throughout the State of Illinois and that said change [illegible] involves a decrease in revenue of [illegible] through toll rates both above and below the [illegible] so station day rates on calls [illegible] three hundred miles distant.

A copy of the proposed schedule of rates may be inspected by any interested party at any business office of this Company in the State of Illinois.

All persons interested in this proposed change of rates may obtain information relative thereto by addressing the Illinois Commerce Commission at Springfield, Illinois.

ILLINOIS BELL TELEPHONE COMPANY
By D. R. COOPER,
General Commercial Manager.

5770

4/22/21

X-426

155

August 1, 1919.

ADVICE NO. 41.

To the Public Utilities Commission,

State of Illinois,

Springfield, Ill.

The accompanying Schedules of Local Exchange Rates, including Supplement No. 1 thereto, issued by this Company and numbered I.P.U.C. No. 401-A to I.P.U.C. No. 556-A, inclusive; also the accompanying Schedule of Toll Rates, I.P.U.C. No. 3; are sent you for filing in compliance with the requirements of the Public Utilities Commission Law, effective August 1, 1919.

Yours very truly,

General Commercial Superintendent.

Duplicate letter of ... and returned ... stamped ...

19226

157

22.

X-426

November 29, 1919.

ADVICE NO. 42

State of Illinois Public Utilities Commission,

Springfield, Illinois.

Gentlemen:

In accordance with the ruling and Order 8672 of your honorable commission, dated November 29,1919, we are forwarding herewith for your rate files the following modifications of our Toll Rate and Exchange Rate Schedules:

a. I.P.U.C. No.4, Toll Rate Schedule, cancelling I.P.U.C.No.3.

b. Supplement No.2, cancelling Supplement No.1, for I.P.U.C.No.422-A, Exchange Schedule for Chicago.

c. Supplement No.2, cancelling Supplement No.1 for I.P.U.C.Nos. 401-A to 504-A inclusive, excepting I.P.U.C.Nos. 413-A, 422-A, 427-A, 444-A, 464-A, 474-A, 488-A, 514-A and 523-A. Of the exceptions 422-A is Chicago and the others are obsolete numbers. This Supplement is furnished in duplicate, one copy for each volume, I and II, of our Local Exchange Rate schedules.

d. Two copies of an introductory explanatory note, one for each volume of our Local Exchange Rate schedules, as now filed.

Yours respectfully,

General Commercial Superintendent.

STATE OF ILLINOIS
PUBLIC UTILITIES COMMISSION
RECEIVED
DEC 1 1919
ENGINEERING DEPT.

Duplicate letter and return...

DEC 1 1919

49211

5772

[fol. 5773] X-426, 158

Advice No. 49

June 25, 1920.

State of Illinois Public Utilities Commission, Springfield, Illinois.

GENTLEMEN: Accompanying schedule issued by the Chicago Telephone Company is transmitted to you for filing, together with three copies of the acceptance by said Company of the order, and of all the terms and conditions set forth therein, of the Commission dated June 19, 1920 (Nos. 8672 and 9291).

I. P. U. C. No. 565 Original Sheets Nos. 1 to 6 inclusive, cancelling I. P. U. C. No 422-A and all supplements thereto now on file. Effective July 1, 1920.

Also enclosed are two index sheets to replace those now filed in our Schedules of Local Exchange Rates, Volumes I and II.

Yours truly, Chicago Telephone Company, By ——, General Commercial Superintendent.

[fol. 5774] X-426, 162

Advice No. 108

September 5, 1925.

Illinois Commerce Commission, Section Rates and Tariffs, Springfield, Illinois.

GENTLEMEN: Desiring to give you a more complete Toll Rate Schedule, we have prepared and are forwarding you herewith Ill. C. C. No. 2, Sheets 1 to 32 inclusive, Schedule of Toll Rates, which cancels and replaces I. P. U. C. No. 1 Schedule of Toll Rates. Schedule Ill. C. C. No. 2 makes no change in our toll rate schedule or practices. The Master Rate Machine with Set of Rate Charts referred to in the new schedule is the same machine as you now have for use in connection with the I. P. U. C. No. 1 schedule and we have, therefore, not furnished you another machine.

As stated above, this new schedule makes no change in our toll rate schedule or practices and we would respectfully request your Honorable Commission to accept it, to be effective as of September 10, 1925.

Kindly acknowledge receipt by returning the extra copy of this letter attached hereto for that purpose.

Yours truly,—— ——, General Commercial Superintendent.

(Here follow side folios 5775, 5776, 5777, 5778, 5779, 5780, 5781, 5782, 5783, 5784, and 5785)

X-426 198

Rates for Telephone Service Within the Chicago City Limits

The following classes of service are furnished at rates as shown, payments to be made monthly; and service subject to regulations (set forth on page 7) which are a part of the contract and with which the subscriber has agreed to comply.

THE RATES HEREIN STATED ARE THE PRESENT LEGAL RATES OF THIS COMPANY AS ON FILE WITH THE ILLINOIS COMMERCE COMMISSION.

Message Rate Service

Business

For use of Subscribers and their employes in their business. — **Monthly Rate**

CLASS 1 MB—Single Line.....**$4.00**
Including 80 outgoing messages. Messages from 81 to 200, 4c each; all messages over 200 per month 3½c each.

Residence

For use of Subscribers and their families only, at their residences.

CLASS 1 MR—Single Line.....**$3.75**
Including 75 outgoing messages. Messages from 76 to 200, 4c each, all messages over 200 per month 3½c each.

CLASS 2 MR—Two-Party Line.....**$2.75**
Including 55 outgoing messages. Messages from 56 to 200, 4c each; all messages over 200 per month 3½c each.

Business or Residence

CLASS M TRUNK Single Line.....**$2.00**
Including no messages outgoing messages used over said lines to be accounted and paid for as a part of total messages from the main line. Auxiliary to any class 1 MB or 1 MR service, direct or in connection with Private Branch Exchange.

Any line of the above classes may be used wholly for incoming service, or outgoing, or both, as the subscriber may request.

General

All outgoing messages from the Message Rate lines of same subscriber on same premises shall be computed at the same rates as though transmitted over one single line.

Registers on Message Rate Service Lines.—At the request of any subscriber to a single party Message Rate service line not connected with a Private Branch Exchange or with a Dial Central Office, the Company will install upon the premises of such subscriber a register or registers for recording the number of outgoing messages over said line, at a charge of 50c per month for each register.

Method of Billing Messages.—A bill is rendered once a month for one month's guaranteed charges in advance and charges for any toll or additional messages in arrears.

Message Rate Service is furnished and billed on a monthly guarantee basis. Failure to use the minimum guaranteed number of messages in any monthly period, or the use of messages in excess of such number, does not entitle the subscriber to any allowance in any other monthly period.

Private Branch Exchanges

Business or Residence

1. **Switchboards,** including one operator's set with battery power and ringing current. — **Monthly Rate**
   Cordless, capacity 3 trunks and 7 lines, per position.....**$3.00**
   Cordless, capacity 5 trunks and 12 lines, per position.....**$5.00**
   Cord, Non-Multiple Type, per position—
   1 to 30 line jacks.....**$6.00**
   Each additional strip, 10 jacks.....**$1.00**
   Cord, Multiple Type, based on cost of switchboard and wiring.
2. **Terminals or Extensions.**
   Without dials, each.....**$ .75**
   With dial, each.....**$1.00**
   [illegible] P. B. X. system, [illegible] dial [illegible] central [illegible] extension is furnished at the 75c rate [illegible] trunk line connecting the P. B. X. system to the central [illegible]
3. **Exchange Trunk Lines.**
   CLASS 1 MB TRUNK same as class 1 **MB**
   CLASS 1 MR TRUNK same as class 1 **MR**
   CLASS M TRUNK auxiliary to either 1 **MB** or 1 **MR** service direct or **PBX**.**$2.00**

Coin Box Service

Business

CLASS 1 CB—Single line, guarantee 20c per day, including four outgoing messages. Additional messages, 5c each.

CLASS 2 CB—Two-party line, guarantee 15 cents per day, including 3 outgoing messages. Additional messages, 5c each.

Residence

CLASS 1 CR—Single line, guarantee 20 cents per day, including four outgoing messages. Additional messages, 5c each.

CLASS 2 CR—Two-party line, guarantee 12½ cents per day, including 2½ outgoing messages. Additional messages, 5c each.

CLASS 4 CR—Four-party line, guarantee 9 cents per day, including 1 8 outgoing messages. Additional messages, 5c each.

General

Coin Box Service is furnished on a daily guarantee basis, Sundays and holidays included. At the time of each collection settlement is to be made by subscriber to an amount equivalent to the guaranteed minimum per day multiplied by the number of days since the last collection. Failure to use the minimum guaranteed number of messages in any such period between collections or the use of messages in excess of such number, does not entitle the subscriber to any allowance in any other month.

Time of Day Service

Dial or Call CAT hedral 8000

If a telephone user asks the Telephone Company for the time, the Company will give the time as shown by the Company's standard clocks, on the following basis of charge:

a. Message Rate Service:
   Each such completed transaction will be charged for on the subscriber's bill as one local message.
b. Coin Box Service:
   Each such transaction will be completed upon the deposit of 5c in the coin box.

Rates for Miscellaneous Service

Extension Line — **Monthly Rate**

a. Line connecting a switchboard or telephone in one premises with a switchboard or telephone in another premises, measured by the most direct street distance, for one-half mile or less.....**$4.50**
b. For each additional quarter mile or fraction.....**$1.25**
c. Line connecting two private branch exchange switchboards or telephones of a subscriber in the same building.....**$4.50**

Extension Telephone

Extension telephone in same premises with main telephone, or connected with main telephone by extension line as above.
Business.....**.75**
Same, Residence.....**.50**
Not more than one extension is permitted on a four-party line, not more than three extensions are permitted on a two-party line; and not more than four extensions on a single line.

Hand Telephone Set

Hand telephone sets, in place of desk or wall telephone sets in connection with all types of service except coin-box, extra charge.....**.25**

Private Line

a. Telephone line connecting any two points within Chicago, measured by the most direct street distance, for one-half mile or less.....**$4.50**
b. For each additional quarter mile, or fraction.....**$1.25**
c. Telephones connected with private lines, each.....**.75**

Service Connection Charges

1. For Individual and Party-line service, business or residence.....**$3.50**
2. For each Extension station connected with any class of telephone service.**$3.50**
3. For Private Branch Exchange service:
   (a) For each trunk line connecting the Private Branch Exchange with a central office.....**$3.50**
   (b) For each telephone connected to the Private Branch Exchange, except operators' telephone sets.....**$3.50**
4. Provided where there is a change of residence premises and another tenant or occupant moves in and no change or move in the interior location of the said telephone instrument is made by the telephone company at the request of the incoming occupant, then no charge shall be made; provided this exemption shall not apply to business premises.

For charges for changes on the same premises see page 5, paragraph 3.

5775 49241

X-426 199

REGULATIONS

With Which Subscribers Have Agreed to Comply

USE AND CARE OF EQUIPMENT

The subscriber shall not make, permit, or use any electrical or mechanical connections or apparatus with the lines or equipment furnished by the Company without the Company's consent. The lines and equipment on subscriber's premises shall be carefully protected and used for lawful purposes where installed, and upon the termination of his right of use subscriber agrees to surrender them to the Company unimpaired or to insure, indemnify and pay the Company for any loss or injury to them arising from carelessness, accident or any other cause. At all reasonable times the Company shall have the right, which subscriber shall provide, of access from the street line, and of entering the premises of subscriber to install, inspect or repair the lines or equipment, or to remove them upon termination of the subscriber's right of use. Over the equipment furnished, the subscriber shall not use or permit the use of foul, abusive or profane language, nor impersonate any other individual with fraudulent or malicious intent.

OWNERSHIP OF FACILITIES

All facilities provided by the Telephone Company, including directories, remain the property of the Company and are subject to the following regulations:

Foreign Equipment.

No apparatus or appliance not furnished by the Telephone Company shall be attached to or used in connection with the facilities furnished by the Company.

Directories.

Telephone directories containing the listings of subscribers, issued from time to time by the Telephone Company free of cost, are and remain the property of the Telephone Company. They shall not be mutilated and shall be surrendered to the carrier who delivers the subsequent issue. No binder, holder or auxiliary cover, except such as may be furnished by or with the consent of the Telephone Company, shall be used in connection with any telephone directory furnished by the Telephone Company.

EXCHANGE SERVICE

Subscribers to Chicago Exchange System service may, on the terms of their contracts, transmit local messages to all exchange telephones located within the limits of the City of Chicago.

A local message is a communication not exceeding five minutes' duration between subscribers' stations within the same exchange limits. By ordinance of the City of Chicago and these regulations the subscriber, lessee or patron is forbidden to charge any person more than five cents for a single message transmitted to any point within the City of Chicago, from any telephone furnished under the contract of which these regulations are a part.

The use of Classes of service is restricted as shown in Rate Schedule on page 6.

THE COMPANY DOES NOT GUARANTEE UNINTERRUPTED WORKING OF THE LINES OR EQUIPMENT

For any complete failure of service of which notice in writing has been sent to the Company's General Offices, and continued for more than twenty-four hours thereafter, an abatement of the contract charge for the period of such interruption shall be made.

SUBSCRIBER'S TELEPHONE NUMBER

Each subscriber's telephone is designated by an office name and number, which are placed to the right of his name in the telephone directory. This office name and number are no part of the contract with the Company, and may be changed by the Company when necessary.

PRIVATE BRANCH EXCHANGE OPERATION

Operators employed by the subscriber for the operation of private branch exchange switching apparatus shall comply with the operating rules of the Telephone Company and render service satisfactory to it.

SETTLEMENT

Collections from coin boxes will be made about once a month, or more often if necessary. **In Coin Box Service** a five-cent coin shall be dropped into the slot each time a local call is made, and will be "collected" by the operator and retained by the Company if the subscriber is put into communication with any one at the telephone number called. All other coins or tokens found in the coin box shall be redeemed by the subscriber at the rate for the service for which they were used. **The Subscriber Shall Make Settlement and Pay Deficit, if Any, When the Collector Calls.** If all amounts due are not paid to the collector at the time of collection, a final notice will be left with the subscriber or any other person on the premises, stating the amount due and notifying the subscriber that service will be denied if the amount is not paid within seven days. If said amount is not paid within seven days, the company may then deny service to subscriber.

Settlement for classes of service other than coin box service is due upon receipt of bills, which are rendered once a month and are payable at the office of the company. If not paid on or before the 14th day after the issuance of the bill, a written notice may be sent to subscriber, calling attention to the fact that the amount is due, and if payment is not made within seven days thereafter, the company may discontinue service without further notice.

SETTLEMENT FOR PREVIOUS INDEBTEDNESS

The Company will not furnish service to an applicant unless all previous indebtedness of the applicant to the Company, for telephone service at the same or other address of the applicant, has been paid in full.

ALTERATIONS

The subscriber agrees to notify the Company promptly in writing whenever alterations or new construction on premises owned or leased by him will necessitate changes in the Company's equipment and the subscriber agrees to pay the Company's current charges for such changes. Estimates furnished on application.

CHANGE OF ADDRESS OR LOCATION

The Company will move the equipment to any point where the Company furnishes similar service, within the limits of the same Exchange system accessible with its facilities, upon written order, provided the subscriber agrees to pay the Company's current charges therefor. After a removal, the subscriber shall pay the current rate for service at the location to which the removal is made.

TERMINATION

The subscriber or the company may terminate the contract on current terms by giving ten days' written notice, in which case the subscriber shall pay in full to the end of such ten days; and the Company will refund the portion of any payment made in advance unearned at the end of such ten days.

REINSTATEMENT CHARGES

Whenever a subscriber's telephone service has been discontinued for non-payment or other breach of contract, a charge of $2.00 is made for the restoration of the service.

5776

General Information for Subscribers

1—Definition of a Local Message

A local message is a communication not exceeding five minutes' duration between any two subscribers' stations in Chicago. An additional charge is made for each additional five minutes or fraction thereof.

2—Coin Box Service

As a local message is a communication not exceeding five minutes' duration between any two subscribers' stations in Chicago, an additional deposit of five cents (5c) is required for each additional five minutes or fraction thereof. Guarantees by the subscribers are **By the Day** (Sundays and holidays included) and not by the month. **Coin-box service is a Cash Prepayment Service Requiring Settlement in Full at the time the collector calls.** The Company cannot make collections from coin-box service telephones at night or on Sundays, or at other times than on the six working days of the week. To avoid error or misunderstanding, the subscriber or his representative is requested to be present at the time of collection to verify the count of coins and the settlement made. If subscribers cannot arrange to be present when collector calls, they should leave money for settlement with some one representing them. Where settlement is not made when collector calls, the Company is obliged to terminate (by notice left by collector) the contract under which the telephone service is furnished. Collectors have regular routes and make calls as nearly as possible on the same day of every month, and are unable to call at other times. Subscribers having coin-box service who expect to be absent from the city for more than one week should notify the Company so that collection may be deferred.

3—Message Rate Service

—*See page 6.*

4—Party Lines

Subscribers are necessarily associated on the line with others located nearest to them using the same class of service. Mutual accommodations accorded in public service of any kind where two or more persons are concerned should be extended between party line users.

5—Public Telephones

Public telephone facilities are provided in Drug Stores, Railroad Stations, Department Stores, Hotels, and at other locations throughout the city. A "Blue Bell" sign indicates a public telephone.

6—Telegrams by Telephone

You may telephone telegrams, cablegrams, or radiograms to the Postal Telegraph Cable Company or the Western Union Telegraph Company. The telegraph charges will appear on your monthly telephone bill.

You may also telephone your telegrams from public coin box telephones and deposit the charges for such messages in the coin box.

When calling either of these telegraph companies follow the instructions shown under its listing in this directory.

7—Private Branch Exchange Instructions and Employment Assistance

The Company maintains a free employment and training department and is prepared to provide Private Branch Exchange attendants for temporary or permanent positions.

If you wish the services of an attendant, call the Private Branch Exchange Employment and Training Department, **OFFicial 9300, Extension 3012.**

A representative of our Private Branch Exchange Department calls regularly at your premises to advise with you and your attendant regarding the operation of the equipment that the best results may be received by your through your switchboard. She is able to outline for you the best telephone practices to be followed by your attendant.

The assistance of this supervisor in any matter affecting your service may be obtained by calling **OFFicial 9100** and asking for the Private Branch Exchange Supervisor.

Both of the above services are furnished without charge.

8—Attachments to Telephones

Telephone instruments have been designed as they are to produce the best result and are, necessarily, very sensitive and intricate. The various unauthorized devices offered for sale, which are supposed to improve transmission, eliminate noise, destroy germs, supplant the telephone directory, etc., are unnecessary. Many of them get the telephone lines and instruments into trouble, and the Company, to protect its service, is compelled to remove them.

Subscribers' contracts provide that no instruments or appliances not furnished by the Company shall be attached to or used in connection with its instruments or lines.

9—Identification of Employees

All employees of the Company whose duties require them to enter the premises of its subscribers for any purpose whatever are supplied with identification cards, each card bearing the photograph and name of the employee entitled to carry it. Any subscriber having the slightest doubt as to the identity or the right of the person representing himself to be an employee of the Company should inspect the credentials. **Beware of persons misrepresenting themselves as employees of the Telephone Company.**

10—Displaying Your Telephone Number.

It is a convenience to your customers to print your own telephone number on your letterheads, signs, etc. However, telephone numbers are subject to change and if used on stationery and other forms of advertising should, in the best interests of their service, be promptly corrected when, for any reason, a telephone number change is necessary.

11—Telephone Directories

Alphabetical directories are published in June and November. When any change in the telephone directory listing is desired, subscribers are requested to notify the Company as soon as possible, preferably not later than May 1st for Summer issue and October 1st for the Winter issue.

The Company assumes no liability for damages arising from errors or omissions in making up or printing its directories. Extraordinary precautions are taken to avoid errors.

12—Directories of Other Cities

Telephone Directories of the principal cities in the United States and Canada may be procured by any of our subscribers who will agree to pay the charge made by the issuing Company. Prices and other information can be obtained by calling **OFFicial 9300, Extension 3538**

"TIME OF DAY" SERVICE IN CHICAGO

CAThedral 8000

THE purpose of this service is to meet the service needs of the public who may find it more convenient to get the time from the Telephone Company than in some other manner.

This service is available twenty-four hours a day from any telephone in Chicago at 5c per call, except that in the case of message rate service one message will be charged.

Call or Dial "CAThedral 8000"

ILLINOIS BELL TELEPHONE COMPANY

5777

49240

EXACT COPY, AS FILED
WITH COMMISSION
IN Illinois

X-426 .272

S. P. U. C. I. NO. 1

TARIFF AND ROUTE BOOK

9287
.918h

American Telephone & Telegraph Company

LIST OF TELEPHONE OFFICES
IN THE STATE OF ILLINOIS ONLY

ALWAYS CONSULT THE
SUPPLEMENT FIRST

READ THE GENERAL INSTRUCTIONS
THEY ARE IMPORTANT

EFFECTIVE JANUARY 1, 1914

ISSUED BY
AMERICAN TELEPHONE AND TELEGRAPH COMPANY
BY H. S. BROOKS, GENERAL COMMERCIAL SUPERINTENDENT
LONG DISTANCE LINES DEPARTMENT
15 DEY STREET, NEW YORK, N. Y.

5778

49241

EXHIBIT X-426

INSTRUCTIONS

This book is for the use and guidance of offices on the lines of the American Telephone & Telegraph Company, including leased, and connecting lines, and takes effect January 1, 1914.

It contains a complete list of all the offices of the American Telephone & Telegraph Company and its connections in the State ...ons, and gives the "Other Line" charges.

...plements will be issued, giving all additions, Changes and Corrections from January 1, 1914. The *latest* supplement should ...ulted first.

...ces are classified as follows:

...DIRECT—A "Check Direct" office is an office for which a monthly report, Form T 55, is made of its A. T. & T. business. Such offices are printed in heavy faced type. For example:

"CHICAGO."

...A Check" office is an office whose A. T. & T. business is included in the monthly report of its "Check Direct" office. A ...heck" office is followed by the abbreviation "c'k" and the name of its Check Direct office. For example:

"Marietta, c'k Canton."

...NES—An "Other Line" office is an office where an "Other Line" rate is printed opposite the name of the office. For example:

"Merriam. 10—3 Fairfield."

...ers in the columns headed "Square and Section" are to be used in ascertaining from the Rate Sheet the rate to the de... Directions for the use of these numbers are given in the following Rules.

...mbers in the column headed "Route Block" indicate the routing block in which the respective offices are located. They must ...sed in any way with the Square and Section numbers, as they are used for routing purposes only.

RATES.

...ERTAINING THE RATE TO ANY OFFICE, ALWAYS CONSULT THE SUPPLEMENT AND SPECIAL RATES FIRST.

THIS LINE RATES.

...wing classes of business are or may be handled in whole or in part over the lines of the American Telephone and Telegraph

American Tel. & Tel. Co. business, usually termed "Long Distance."
Intraterritorial local business, usually termed "Local."
Intraterritorial local business, usually termed "Privileged."

...merican Tel. & Tel. Co. only quotes rates on Long Distance business.
...s for "Local" and "Privileged" business are quoted by the Associated Companies.
...ections should not be made between offices where no rate is quoted by either Company.
...Check Direct office is provided with a Rate Sheet showing the American Co.'s initial period and additional minute rates. ...me beyond the initial period shall be charged at the additional minute rate. A fraction of an additional minute in excess ...ods shall be charged as a minute. For example, on a message of 7 minutes, 15 seconds duration charge should be made ...rates. On a message of 7 minutes, 20 seconds duration charge should be made for 8 minutes.
...ection Rates are given in the Rate Sheets for the State of Illinois as they apply only to distances over five hundred miles.

RULES FOR FINDING RATES.

...find the Square Rate, ascertain from the Tariff and Route Book or Supplement the number of the Square of the office to which ...e is wanted, then refer to the Rate Sheet. If no Special Rate is given, use the Square Rate.

...example: To find the rate to Chicago, it will be noted that the Chicago Square Number is 782. If, on referring to the ...Sheet, it is found that a rate is given for Square 782, that will be the rate to Chicago, unless a Special Rate is given.

...here no rates are quoted, the American Telephone and Telegraph Company's lines are not used, and such rates are quoted by ...ssociated Company.

192th

"CHECK" OFFICES.

... office is given as "Check" another office, it takes the same rate as, and shall be considered as part of, its "Check Direct"

OTHER LINE RATES.

... Other Line" rate to its "Check Direct" office is printed opposite each "Other Line" office, and should be collected in addition ... Line" rate, as shown in the following example:

Merriam, 10-3 Fairfield (sq. 569, sec. 86).

... case in the case of Merriam, that the "Other Line" rate from Fairfield is ten (10) cents for the first three minutes, and ... cents for each additional minute, which added to the Fairfield rate, will give the through rate to Merriam.

... quare and section numbers are shown, as in the above illustrations, for the convenience of the operators in ascertaining the ... rate.

MESSENGER CHARGES.

... charge for Messenger service shall be the amount actually disbursed and shall be made against the telephone from which the ... the service is received. Messenger charges may be made "Collect" if guaranteed by the party calling and accepted by the ... "Collect" Messenger charges shall be collected from the party called and shall not be reported by either office on monthly ... form T 55.

AMERICAN TELEPHONE & TELEGRAPH COMPANY,
Long Distance Lines Department,
H. S. Brooks,
General Commercial Superintendent,
15 Dey Street, New York.

1924

X-426 276

TARIFF AND ROUTE BOOK

POINTS ON THE LINES OF THE

American Telephone and Telegraph Company

AND ON LEASED, OPERATED AND CONNECTING LINES
TOGETHER WITH DIRECTIONS FOR FINDING RATES AND ROUTES

ALWAYS CONSULT THE SUPPLEMENT FIRST

READ THE GENERAL INSTRUCTIONS
THEY ARE IMPORTANT

ISSUED BY

American Telephone and Telegraph Company
LONG DISTANCE LINES DEPARTMENT
195 BROADWAY, NEW YORK, N. Y.

MAY 1st, 1917

49246

5781

X-426 277

GENERAL INSTRUCTIONS.

1. This book contains a list of all points to which the American Telephone and Telegraph Company quotes ... and rates, directions for routing, rating, and reporting business handled in whole or in part over the ... of the American Telephone and Telegraph Company and takes effect May 1, 1917.

The arrangement of the list is as follows:

1. States in the United States in alphabetical order.
2. The Dominion of Canada.

The points in each State are listed alphabetically. All points in the Dominion of Canada are listed alphabetically.

2. **CLASSIFICATION.** For convenience in listing points are classified as Check Direct, Check and Other Line ...ding to their characteristics:

Check Direct. Any point requiring specific A. T. & T. rates or routes is a Check Direct point. A Check Direct point is printed in heavy faced type. For example, in the State of Oklahoma:

Square	Sect.		Route Block
2527	137	**ERK CITY 16** Route via Oklahoma V. E.	1279

A Check Direct point may either be a Toll Center or a Tributary.

A Toll Center is a point which handles its own toll traffic, together with toll traffic of other points known as Tributaries, making on such traffic the ticket from which the patron is billed.

A Tributary is a point, some or all of whose toll traffic is handled by another point known as its Toll Center, which Toll Center makes on such traffic the ticket from which the patron is billed.

Check. Any point which takes the A. T. & T. rates of another point (its Check Direct point) is a Check point. A Check point also takes the same routes as its Check Direct point unless otherwise specified. A Check point is followed by the abbreviation "ck" and the name of its Check Direct point. For example, in the State of Alabama:

Square	Sect.		Route Block
1556	55	Sneadville ck Altoona	

Other Line. An Other Line point is a point whose A. T. & T. rates are the sum of a uniform rate (known as the "Other Line" rate) and the A. T. & T. rates of a designated point. An Other Line point also takes the routes of such designated point unless otherwise specified. The Other Line point is indicated by an Other Line rate printed after the name of the point. The Other Line rate may be a flat rate or it may be an initial period rate with an additional minute rate. Example: In the State of Minnesota:

Square	Sect.		Route Block
(4890	104)	**WATERVILLE; 5c OTHER LINES 15** Route 644 to 646; 651 to 655; 663 to 674; 681 to 712; 1084 to 1089; 1135 to 1158, 1183 to 1441; via* Owatonna All other blocks via* Minneapolis	1447
(2298	96)	Turtle River ck Bemidji; 10c other lines	
(1392	96)	White Earth 25-5 Detroit	

3. Numbers in the columns headed "Square" and "Section" are to be used in finding rates. Numbers in the ... headed "Route Block" are to be used in finding routes. The square and section number of the points which Other Line rates are quoted, are printed in parentheses before the names of Other Line points and ... be used in determining the This Line rates only.

4. A number is printed immediately after the name of each Check Direct point for the purpose of determining ...dress to which Toll Charge Claim correspondence should be directed. The address represented by each num... shown in the list on pages .... to .... inclusive.

5. **SUPPLEMENTS.** Supplements to this book, showing all changes subsequent to May 1, 1917, will be ...s needed. Each Supplement supersedes all previous Supplements. **ALWAYS CONSULT THE LATEST SUPPLEMENT ... CONSULTING THE TARIFF AND ROUTE BOOK.**

...each Supplement all new points and all changes published for the first time will be indicated by a cross (+) ...g the name of the point.

...each issue of the Supplement will be found a pink page headed "Additional and Changed Instructions."

5782

1954

X-426 278

the heading, this page will be left blank. On it, under the heading, shall be pasted such additional in- or changes in the existing instructions, as may be issued between regular issues of the Supplement.

WHEN TO GIVE SERVICE. Except as specially provided in the Operating Instructions or by special ...gement service is to be given only to points for which rates are quoted in the Rate Sheet furnished by ...can Telephone and Telegraph Company. Therefore always make sure that a rate is quoted before service

ROUTING INSTRUCTIONS

CHECK AND OTHER LINE POINTS. The route to a Check point is the same as the route to its ...est point, and the route to an Other Line point, not a Check Direct point, is the same as the route to ... from which it is Other Line, except when a circuit code appears in the listing of the Check point or the ...e point. (See Sections 10 and 13.)

CHECK DIRECT POINTS.

...ck Numbers: Each Check Direct point is given a Route Block number which is shown after the name of ... in the column headed "Route Block." This Block number is used instead of the name of the point ...ating directions.

...ification: Check Direct points are classified as follows

...ass 1. A Class 1 point is a Toll Center furnished with a Special Route Book, containing routing direc- ...tions for reaching all other Class 1 points. Class 1 points are followed by "Route Class 1." For ex- ...ample, in the State of Indiana:

Square	Sect.		Route Block
663	49	INDIANAPOLIS 3 Route Class 1	599

...ass 2. A Class 2 point is not furnished with a Special Route Book. All Check Direct points not fol- lowed by "Route Class 1" are Class 2 points. Class 2 points followed by "Route via ....." or "Route via* ....." are Toll Centers. Class 2 points followed by "Route T. C. ....." are not Toll Cen- ters. Following are examples of the above in the State of Ohio:

Square	Sect.		Route Block
2107	42	MOUNT ORAB 407 Route 1 to 461; 464 to 481; 488 to 491; 758 to 826; 840 to 863; 865 to 867; 1050 to 1055; 1060, 1061, 1605 to 1618; via Winchester All other blocks via Cincinnati	492
2573	42	TIPPECANOE CITY 407 Route 496, 498, 500, 577, 583, 584, 586 to 589; 591 to 596; 599 to 602; 606, 610, 615, 624, 625, via* Dayton All other blocks via* Piqua	501a
2418	34	WELLSVILLE 102 Route T. C. East Liverpool cl. 2	439

...route to a point not a Toll Center, is the same as the route to its Toll Center, except when a circuit ... code follows "Route T. C. ....." (See Sections 15 and 17). For example, in the State of Louisiana:

Square	Sect.		Route Block
3492	151	OAKDALE 392 Route 1184, 1186 to 1191; 1195, 1199 to 1201; 1207, 1208, 1250 to 1283; 1360, 1361, T. C. De Ridder cl. 2 V. L. All other blocks T. C. Alexandria cl. 2 V. L.	1184

...Route via* ——" indicates that traffic is to be relayed at the via* point, i. e., the point shown after "Route via*" (See Section 12).

...Route via ——" indicates that traffic is not to be relayed at the via point, i. e., the point shown after "Route via." (See Section 11).

...PLURAL LISTING. Certain points are listed with notation "Certain Subscribers connected with ——." ...ired subscriber cannot be reached through the first point, try the others in the order named. For ex- ... the State of Pennsylvania:

Square	Sect.		Route Block
1099	80	Walnut Hill, Montgomery Co. ck Cheltenham *Certain subscribers connected with Ogontz*	

5783

4924-J

X-426

she has, therefore, determined that she must reach Wilmington, N. C., via Darlington, S. C., using the proper class of circuit and pass the circuit code V.L. to Fort Worth, her Via point, with the order.

(5) Abilene therefore reaches Fort Worth and passes her order saying:
"Wilmington, North Carolina, via Darlington, South Carolina, V.L. for Abilene, Class 2."

(6) Fort Worth builds up a circuit to Wilmington or instructs Abilene how to proceed.

(7) On reaching Wilmington, Abilene passes her call to Wilmington, as Wilmington is the Toll Center for Jacksonville.

QUALIFIED TOLL SERVICE

A Calls to the subscribers of companies known as Subscribing Companies are under certain conditions, com- over the lines of the American Telephone and Telegraph Company.
ch service may be given only to points preceded by the following symbols:
▲ This symbol preceding the listing of a point listed once indicates that the point has both Bell and Subscribing any Service.
Example:

Square	Sect.		Route Block
516	25	▲JOHNSTOWN, CAMBRIA CO. 90 ..... Route Class 1	361

● This symbol preceding the listing of a point listed once indicates that the point has Subscribing Company e only.
Example:

Square	Sect.		Route Block
462	20	●Craigs Meadow ck Stroudsburg	

■ This symbol preceding the listing of a point listed twice, once without the symbol ■ and once with it indi- at there is a different route and there may be a different rate for Bell and Subscribing Company Service. he listing without the symbol gives the rate and route information for Bell Service. The listing preceded by mbol ■ gives the route information for Subscribing Company Service.
Example:

Square	Sect.		Route Block
1845	21	Swiftwater ck Mount Pocono	
462	20	■Swiftwater ck Stroudsburg	

INSTRUCTIONS FOR DETERMINING RATES AND CHARGES

The following classes of business are or may be handled in whole or in part over the lines of the American ence and Telegraph Company.
American Telephone and Telegraph Company business.
Intraterritorial local toll business, usually termed "Local Toll."
Interterritorial local toll business, usually termed "Privileged."
cal Toll" and "Privileged" business is normally handled over the lines of the Associated Companies.
ates for American Telephone and Telegraph Company business are quoted by the American Telephone and raph Company; for "Local Toll" and "Privileged" business by the Associated Companies.

RATE SHEETS. A Rate Sheet is provided for each Check Direct point showing the American Telephone legraph Company's rates for the initial period and for each additional minute.

DURATION OF MESSAGE. On a message of less duration than the initial period, charge should be for the initial period. On a message of greater duration than the initial period, a fraction of a minute in of 15 seconds should be charged as an additional minute. Example:—On a message of 7 minutes and 15 duration, charge should be made for 7 minutes; on a message of 7 minutes and 16 seconds duration, should be made for 8 minutes.

NIGHT AND DAY RATES. When a Night Rate is quoted, the Day Rate shall be charged from 6:00 to 6:00 P. M., and the Night Rate from 6:00 P. M. to 6:00 A. M.
When a connection is established before 6:00 P. M. and continues until after 6:00 P. M., the charge shall be at the day rate for the initial period and additional minutes, if any, before 6:00 P. M. and at the night rate for remaining minutes of the connection. For example: If the initial period is three minutes, a connection estab- at 5:53 P. M. and completed at 6:08 P. M., shall be charged as 7 minutes at the day rate and 8 minutes at the rate. Similarly a connection established at 5:58 P. M. and completed at 6:07 P. M., shall be charged as 3 at the day rate and 6 minutes at the night rate.

X-426 280

21. RULES FOR FINDING "THIS LINE" RATES.

Find in the latest Supplement or if not found there, in the Tariff and Route Book, the Square and Section of the point to which the rate is wanted, then refer to the Rate Sheet. If there is no Square rate use the Section rate. If both Square and Section rates are quoted use the Square rate.

22. Check and Other Line points take the same "This Line" rate as the points from which they are Check or Other Line unless a Special Rate is quoted in the Rate Sheet. The Square and Section number of the points from which Other Line rates are quoted, are printed in parentheses before the names of Other Lines points and should be used in determining the This Line rates only.

23. Certain points are listed with the notation "Certain subscribers connected with . . . . . The rate is that of the point with which the subscriber is connected. Example, in the State of Pennsylvania:

Square	Sect.		Route Block
1069	80	Walnut Hill, Montgomery Co. ck Cheltenham *Certain subscribers connected with Ogontz*	

This means that if the subscriber is found to be connected to Ogontz, the rate to Ogontz should be used.

24. OTHER LINE RATES.

Other Line rates are printed after the names of certain points and should be collected in addition to the "This Line" rate.

Example 1, in the State of Minnesota:

Square	Sect.		Route Block
(1874	79)	Tower 50-15 & 25-5 Duluth	

This means that the Other Line day rate between Tower and Duluth is fifty (50) cents for the first three minutes, and fifteen (15) cents for each additional minute, which added to the Duluth day rate, will give the through day rate to Tower. Also that the Other Line night rate from Duluth is twenty-five (25) cents for the first three minutes, and five (5) cents for each additional minute, which added to the Duluth night rate, will give the through night rate to Tower.

Example 2, in the State of Minnesota:

Square	Sect.		Route Block
(1403	103)	Ormsby 20-5 Fairmont	

In this case the Other Line day and night rates from Fairmont are the same, viz., twenty-five (25) cents for the first three minutes, and five (5) cents for each additional minute. This added to the Fairmont day or night rate, will give the through day or night rate to Ormsby.

Example 3, in the State of New Hampshire:

Square	Sect.		Route Block
(2583	3)	PROFILE HOUSE; 20c OTHER LINES 14	15

In this case the Other Line charge (20c) should be collected irrespective of the duration of the connection, in addition to the Square or Section rate.

25. MESSENGER CHARGES.

The charge for Messenger Service shall be the amount actually disbursed, and shall be made against the telephone from which the request for service is received, or the charge may be made "Collect" if guaranteed by the calling party and accepted by the called party. Exception: Where the instructions at an office differ from the preceding, such instructions shall apply.

INSTRUCTIONS FOR PREPARING MONTHLY TOLL REPORTS

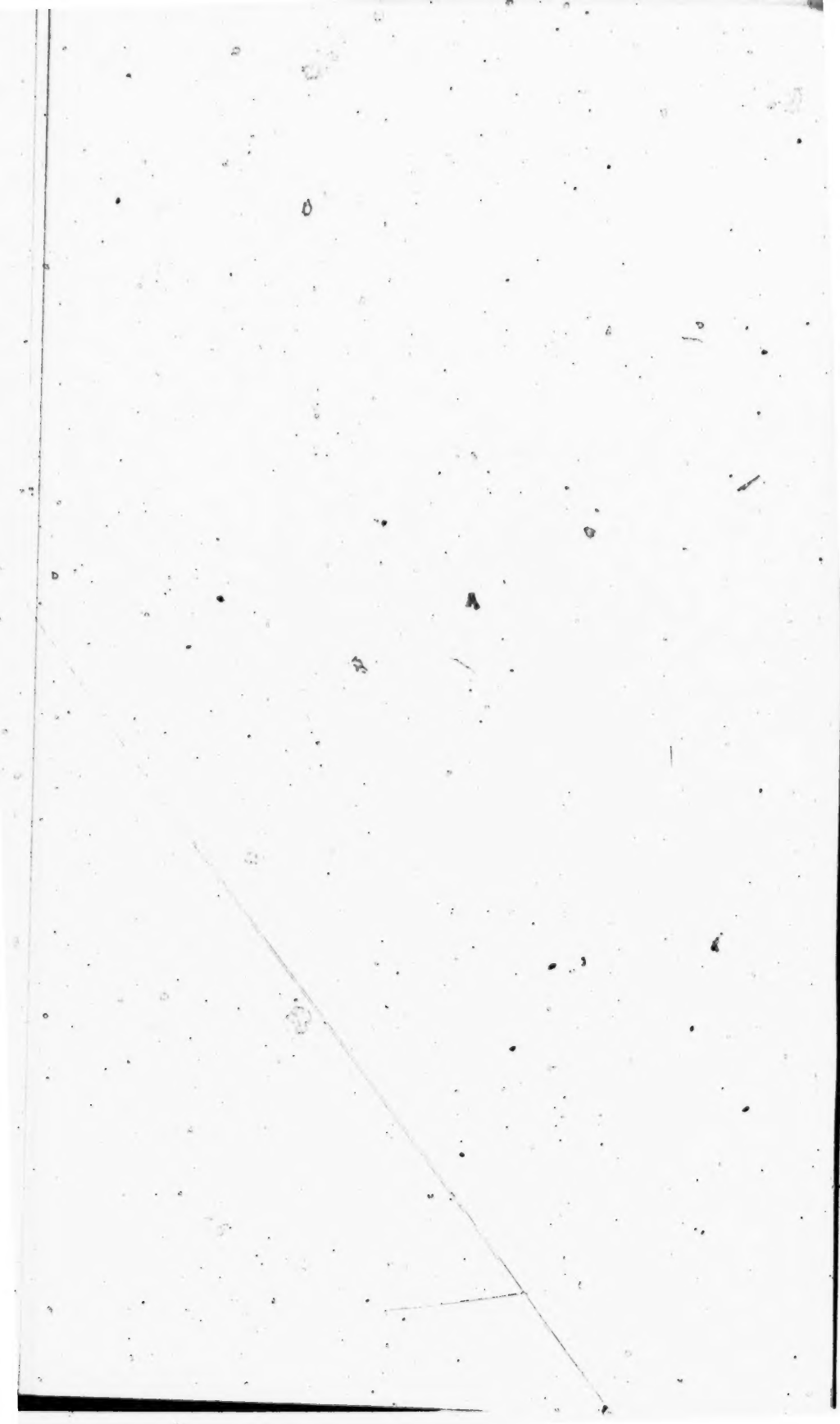
26. An American Telephone and Telegraph Company Monthly Toll Report (Form S. N. 338, 339) is required for each Check Direct point for which there is "outward" or "inward" business. The report shall include all business handled in whole or in part over the lines of the American Telephone and Telegraph Company, and also all business in which the rate is quoted by the American Telephone and Telegraph Company handled over the lines of an Associated Company.

The report shall cover the calendar month, and should be prepared directly after the close of the month's business. Unless otherwise instructed, the report shall be sent to the Auditor of Receipts, American Telephone and Telegraph Company, 195 Broadway, New York, N. Y.

27. Only the names of Check Direct Points (points printed in heavy faced type), shall be listed on the Month-

5785

T-1969



[fol. 5786] EXTRACTS FROM EXHIBIT X-427

Pursuant to request of Defendants, plaintiff, on June 19, 1932, furnished copies of all contracts that ever existed in the Bell System containing a provision similar to Section 10 of the contract of December 23, 1881, with the Chicago Telephone Company, being City's Exhibit 23. The plaintiff has furnished two contracts as being the only ones ever made containing provisions similar to Section 10.

Agreement dated June 1, 1880, by and between the American Bell Telephone Co. and the Metropolitan Telephone Company; and,

Agreement dated May 7, 1880, between the National Bell Telephone Co. and the Pacific Bell Telephone Co.

Said two agreements are as follows:

[fol. 5787] X-427(2)

License and Agreement

This agreement, made this First day of June, A. D. 1880, by and between the American Bell Telephone Company, a corporation created under the laws of the State of Massachusetts, lessor and licensor, party of the first part, and The Metropolitan Telephone and Telegraph Company, lessee and licensee, party of the second part, witnesseth:

* * * * * * *

1. The licensor hereby grants and licenses to the party of the second part the full and exclusive right within and for all the territory hereinafter defined, to use and to license others to use, for all purposes for which the licensor has, or shall have, the right to use them (except so far as the Western Union Telegraph Company may have a right to acquire from the licensor telephones for transmitting telegraph messages under Article 14 of the contract of Nov. 10th, 1879, and except as hereinafter provided), telephones furnished by the party of the first part, embodying any invention in or relating to telephones or their use, which the party of the first part now has, or shall have, the right to use, either under any Letters Patent which it now owns or may hereafter acquire, or under any license or other grant or right which it has acquired or may hereafter acquire

under or in virtue of the contract of Nov. 10th, 1879, or otherwise, including such full and exclusive right as aforesaid to use such telephones on exchanges, as defined in said contract last named.

Such full and exclusive right of the party of the second part shall be perpetual as to all and each of the inventions or rights of use aforesaid owned or enjoyed, or to be owned or enjoyed, at any time by the party of the first part, except, however, as herein otherwise specially provided, and provided and so long only as the conditions to be performed by the party of the second part under this instrument are performed by it.

* * * * * * *

4. The territory of the party of the second part, and within and for which the right as defined in the second article shall be exclusive, is all the territory within a radius of thirty-three miles from the New York City Hall in all directions, and all the territory of Long Island, and of Monmouth County in the State of New Jersey, subject only to such existing exchange rights, as have been granted for that part of said thirty-three mile territory which lies within the State of Connecticut.

* * * * * * *

10. In case the licensor, its successors or grantees shall desire to connect points within said territory with points outside said territory, they shall have the right to connect with or avail themselves of the lines and facilities of the party of the second part or its licensees, owners of exchanges or public lines, making a reasonable and suitable division of the tolls and profits of such extra territorial and through business; and if or so far as said licensee or its sub-licensees shall not have or shall not furnish suitable lines and facilities, then said National Bell Telephone Company may within said territory construct such lines and use such telephones as may be necessary for said purpose. And if the parties shall not agree as to such terms and facilities, they shall refer such questions to three disinterested arbitrators, one to be chosen by each party and those two to choose a third; and the written decisions and award of said three arbitrators or of a majority of them made after due hearing

or after reasonable notice and opportunity for both parties to be heard, shall be binding and final in the premises.

* * * * * * * *

[fol. 5788] X-427, (6)

If, after possession is taken of any of such lines, fixtures, apparatus, appliances and premises by the licensor, in virtue of the foregoing provisions, it shall be determined, either by agreement of the parties or by final judgment or decree of a court of competent jurisdiction, that the rights granted by the licensor hereunder are lawfully terminated, the licensor shall pay to the party of the second part the fair value of such property, to be ascertained as of the time when such possession was so taken, with interest from said day to the day of payment; such value to be ascertained, in case of disagreement, by arbitrators to be agreed upon by the parties or by the judgment of a Court, and, upon payment or tender of said sum and interest, the title to such property shall pass to the licensor, as of the day when possession was so taken, and the licensee shall execute suitable conveyances, if required, to vest the same accordingly.

But, if, after such possession is so taken, the licensor shall not acquire title as aforesaid it shall return the property or premises taken to the licensee and account to it for all profits and earnings of the same, subject to expenses of operation, rentals of telephones, and other proper charges, and shall also be allowed and paid for the cost of all additions, made by it thereto as aforesaid in good faith, and in the exercise of a reasonable discretion.

If, without previously taking possession of any of the lines, exchanges and appliances as aforesaid, it shall be determined by agreement of the parties or by a final judgment or decree of a court of competent jurisdiction, that the rights granted by the licensor hereunder are lawfully terminated, the licensor may acquire said property upon paying its value with interest, to be ascertained as aforesaid as of the time when said right of possession accrued upon such termination; and upon payment or tender of said value and interest, the title to such property shall pass to the licensor,

and the licensee shall execute suitable conveyances, if required to vest the same accordingly.

The lessor also reserves all its rights and remedies in law and in equity, under the patent laws or otherwise, including the remedy by injunction, against the party of the second part and those claiming under it, for the use of any of its patented inventions or instruments not justified by a subsisting license hereunder or for the violations of any other of its rights.

All sub-licensees to exchanges (if any such shall be granted) shall be in accordance with and shall in terms recognize in the party of the first part the right to have and to exercise against such sub-licensees all the rights and remedies provided for in this contract; but the default of any one sub-licensee shall not impair the rights of other sub-licensees nor of the party of the second part, provided the latter has and shall use reasonable diligence to prevent and redress such default and the continuance thereof.

13. The party of the second part promises that it will keep and observe all the stipulations herein contained on its part to be kept and performed. Whenever the licensor grants to others the rights for extra territorial lines or any other rights remaining to it, the stipulations hereof relating thereto shall be binding upon and enure to the benefit of such grantees in respect to the rights so granted, and the licensor shall not be responsible for their acts or defaults in respect to the same.

14. Inasmuch as the American Bell Telephone Company has bargained to aquire the telephones, patents, rights under patents and other ——,

[Pages 7 and 8 missing.]

[fol. 7789] X-427, P. 9

This agreement, made this seventh day of May, A. D. 1880, by and between the National Bell Telephone Company, a corporation created under the laws of the State of Massachusetts, Lessor and Licensor, party of the first part, and the Pacific Bell Telephone Company, a corporation created under the laws of the State of California, Lessee and Licensee, party of the second part.

2. The licensor hereby grants to said party of the second part, under all patent rights which it now or hereafter may have the power to license under the full and exclusive right to use telephones procured from the licensor as hereinafter described for all purposes for which the licensor may properly use them under the terms of the contract of November

[fol. 5790] X-427, (10)

10th, 1879, between the National Bell Telephone Company of one part and the Western Union Telegraph Company for itself and its associates of the other part including the right to use them on exchanges as therein defined except as herein otherwise provided, and subject to the provisions hereof, so long as the rental therefor shall be duly paid to the licensor, and as the provisions hereof are not violated but not longer or otherwise and the party of the second part may grant said rights or any portion thereof to its customers and sub-licensees by contracts as provided in Article 7 hereof. * * *

* * * * * * *

P. 14:

12. In case the Licensor or its successors or grantees shall desire to connect points inside said territory with points outside said territory they shall have the right to connect with or avail themselves of the lines and facilities of the party of the second part or its licensees making a reasonable and suitable division of the tolls and profits of such extra-territorial and through business, and if, or so far as said licensees or its sub-licensee shall not have or shall not furnish suitable lines and facilities, then said National Bell Telephone Company may within said territory construct such lines and use such telephones as may be necessary for said purpose.

[fol. 5791] In addition to the portions of this exhibit, printed in full above, it contains, in substance, the following provisions:

In the first contract in the exhibit, that is, the contract of June 1, 1880, between the American Bell Telephone — and the Metropolitan Telephone and Telegraph Company, Section 1 is a recital that the lessor owns patents granted to Alexander Graham Bell and owns or has the right to use

and may thereafter have the right to use sundry other inventions which are or may be embodied in electric speaking telephones and lessee desires to obtain the use of telephones under lease and license from the party of the first part.

Section 2. Printed in full above.

Section 3. American Company will not grant or transfer its title to the patents or grant licenses thereunder to any other party than the Metropolitan Company in the territory defined in the agreement (p. 2).

Section 4. Printed in full above.

Section 5. Licensor to furnish to the licensee speaking telephones made under patents owned or acquired by licensor.

Section 6. Licensor will license, to be used with such telephones, the inventions in call bells, switches, switchboards and other apparatus needed for such telephone lines which it can so license and upon such royalties as it may from time to time establish but not greater than for others in similar circumstances.

Section 7. Licensee admits validity of the patents (pp. 3-4).

[fol. 5792] Section 8. Licensee will include in its contracts with those who are to use the telephones, such provisions as the licensor may direct in order to protect the patents and indemnify licensor.

Section 9. Licensee will charge its subscribers such rental and royalties as licensor may fix from time to time and will pay to licensor as royalty 50% of the telephone rental and royalty fixed (p. 4).

Section 10. Printed in full above.

Section 11. The licensee shall perform all the obligations incumbent on the National Bell Telephone Company under Article 15 of the contract of November 10, 1879, and shall enjoy all the facilities therein provided for the benefit of said Company; one-half the commission of 15% and 10% therein stipulated is granted to and shall be paid to and enjoyed by said licensee. All other compensation therein provided for shall be entirely paid to and enjoyed by licensee (p. 5).

Section 12. First paragraph of this section describes the rights of licensor upon default of licensee. Remainder of section and section 13 printed in full above.

Section 14. Inasmuch as the American Bell has bargained to acquire the telephones, patents, rights under patents and other property of the National Bell Telephone Company, upon the execution of this agreement, provisions in the contract relating to the National shall enure to the benefit of the American Bell to the extent of the property and interests it shall so acquire.

Section 15. If anything contained in the contract shall be held contrary to law, no rights shall be given either party against the other by reason thereof (p. 7). The National Bell Telephone Company to the full extent of its right, title, [fol. 5793] and interest satisfies and confirms the grant and license under the contract and signs as a party to the contract (p. 9).

The contract on May 7, 1880, between the National Bell Telephone Company and the Pacific Bell Telephone Company contains similar provisions to the contract between the American Bell and the Metropolitan Telephone and Telegraph Company, the synopsis of which immediately precedes, except there is not involved the matters covered in Sections 11 and 14, etc., in the above contract.

There is omitted from Section 12, as printed above, the provision that if the parties shall not agree as to such terms and facilities, the question shall be referred to three disinterested arbitrators for decision.

[fol. 5794] EXTRACTS FROM EXHIBIT X-429

Order of July 31, 1919, in Connection with Petition X-416, I. P. U. C.

STATE OF ILLINOIS:

PUBLIC UTILITIES COMMISSION

No. 9291

In the Matter of the Application of THE CHICAGO TELEPHONE COMPANY for Authority to Put Into Force Certain Rates Throughout the State of Illinois

By the COMMISSION:

This is a petition filed by the Chicago Telephone Company on July 16, 1919, requesting that a temporary order

be entered authorizing the company to put into force on August 1, 1919, for local and long distance telephone service in Illinois, schedules and rates which are substantially the same as those charged for such service by the company during the period of Federal Control.

A true understanding of the nature of the petition and the circumstances under which this application was made necessitates a brief review of the relations between the Chicago Telephone Company and the various governmental agencies under whose control it has operated.

Prior to the first day of January, 1914, the Chicago Telephone Company was a public utility operating a telephone system in the City of Chicago and adjacent communities under a charter granted to it by the State of Illinois. Its rates in the City of Chicago were fixed by ordinances adopted by the City Council of Chicago, and its rates in other cities and villages and communities were subject to regulation by their respective local authorities. Some of the ordinances so passed prescribed not only the rates to be charged for the service rendered, but also the kind of service to be offered by the company to the public, and in Chicago there had been offered, as one form of service, to the public for many years unlimited service at a flat rate.

[fol. 5795] The Public Utilities law of Illinois became effective on January 1, 1914, and thereafter the Chicago Telephone Company, as a public utility owning and operating a telephone system in this State, was subject to regulation by the Public Utilities Commission as to its rates and service. It could collect thereafter only such just and reasonable rates as were prescribed in the schedules duly filed by it with the Public Utilities Commission. Pursuant to the provisions of the Public Utilities law, the Chicago Telephone Company filed with the Commission on January 27, 1914, its schedule of rates and charges, which rates and charges became effective and thereafter continued in effect without change or modification up to and including the 31st day of July, 1918.

The Commission, however, in a proceeding instituted before it upon the complaint of Meyer J. Stein, had occasion to consider the reasonableness of said rates and schedules, and on July 15, 1918, entered an order finding that discrimination existed in said rates, and directing the Chicago Telephone Company to file with the Commission for its

approval a schedule of reasonable rates for both local and toll telephone service within the territory served by said company within and without the city of Chicago, eliminating therefrom all discriminations of any kind as among, between, or against individuals, communities, or municipalities. An appeal was taken from the order so adopted by the Commission, and said order was thereafter duly affirmed by the Supreme Court of Illinois.

On July 16, 1918, the Congress of the United States, in the exercise of its constitutional power to make war, adopted a certain act entitled Joint Resolution to authorize the President in time of war to supervise or take possession and assume control of any telegraph, telephone, marine cable, or radio system or systems, or any part thereof, and to operate the same in such manner as may be needful or [fol. 5796] desirable, for the duration of the war, and to provide just compensation therefor.

Pursuant to the said act of Congress, the President of the United States issued a proclamation whereby he designated Albert S. Burleson, Postmaster General, to exercise the power and authority so conferred upon the President, and directed that the possession, operation, and control of all telephone and telegraph systems in the United States, including the properties owned and operated by the Chicago Telephone Company, should be assumed by the Federal Government from and after midnight of July 31, 1918.

In accordance with the terms of said act of Congress and the proclamation of the President, the Postmaster General thereupon proceeded to assume control of and to operate the property of the Chicago Telephone Company, the operation being carried on through its regularly constituted officers and employees. The rates for toll, and local exchange service theretofore in force were continued in effect by the Postmaster General until August 28, 1918, when, acting under his authority aforesaid, the Postmaster General prescribed certain charges for the installation and moving of telephone service and equipment, which charges were put into effect by the Chicago Telephone Company, and continued in effect as subsequently modified by an order of November 18, 1918.

On December 13, 1918, the Postmaster General ordered the applicant to put into effect certain rates for long distance toll service within the State of Illinois. The new rates so ordered were to become effective on January 21, 1919, but,

prior to the effective date thereof, an injunction was obtained in the Superior Court of Cook County by the Attorney General of Illinois, acting under the direction of this Commission, restraining the said Chicago Telephone Company from charging for long distance telephone service between points lying wholly in Illinois, any rates other or [fol. 5797] different from the rates prescribed in the schedules duly filed with the Commission. The injunction so issued by the Superior Court was obeyed by the Chicago Telephone Company, and the proposed increased rates for long distance telephone service were not put into effect until midnight of June 6, 1919, the Supreme Court of the United States having decided on June 2, 1919, that the Postmaster General, under the authority aforesaid, had full power and authority to fix rates for telephone service both interstate and intrastate.

Prior to the date of said Supreme Court decision, there was no change attempted in the rates charged for local telephone service in the City of Chicago and suburban communities served by the applicant, but, on June 11, 1919, the Postmaster General put into effect, in the territory outside of Chicago, served by said company, and, on June 16, 1919, in the City of Chicago, certain increased rates covering local service in said communities, which rates have continued in effect up to this date. The increase so charged for service in the communities outside of Chicago amounted to 25% over and above the rates theretofore charged and collected. In the City of Chicago, the changes consisted not only in certain increases in the amount charged for measured service phones, but also in the abolishment of the service theretofore furnished upon a flat basis.

The act of Congress of July 16, 1918, under which the Government assumed control and operation of the telephone systems of the country, provided that the period of Federal control and operation should not continue beyond the date of the ratification of the terms of peace between the United States and Germany. Subsequent to the armistice of November 11, 1918, there developed considerable agitation for the immediate return of the telephone properties to their owners, and the Congress of the United States adopted an act which was approved by the President on July 11, 1919 which repealed the war control act

[fol. 5798] of July 16, 1918, said repeal taking effect at midnight on July 31, 1919, said act, however, containing the following proviso:

"Provided, however, that the existing toll and exchange telephone rates as established or approved by the Postmaster General on or prior to June 6, 1919, shall continue in force for a period not to exceed four months after this act takes effect, unless sooner modified or changed by the public authorities, State, municipal, or otherwise, having control or jurisdiction of tolls, charges, or rates, or by contract, or by voluntary reduction."

The application of the Chicago Telephone Company filed with this Commission on July 16, 1919, sets out that the company has received notice from the City of Chicago that the said City will proceed on the 12th day of August, 1919, with the regulation and fixing of rates to be charged by the applicant for telephone service in the City of Chicago, and that the City of Chicago further claims that upon the restoration to the applicant of its telephone system on the 1st day of August, 1919, there will automatically be restored as the lawful rates applicable to all service furnished to the public by said company, the same rates and schedules heretofore prevailing at the time the Government of the United States took control of said system in Chicago, including the rates which this Commission has heretofore found to be discriminatory and unlawful.

The applicant further asserts in its petition that the expenses of operating its telephone system have greatly increased since January 1, 1914, and, in particular, during the period subsequent to the date when the United States entered the world war; that the increase in such operating expenses is wholly out of proportion to the slight increases in gross revenue received by said company; that during the period of the war the applicant has put into effect an increased wage schedule amounting to in excess of $1,800,000 per year; that the prices of materials used in the telephone industry have also substantially advanced, and that said increased cost of labor and materials will continue during the remainder of the year 1919 and there-[fol. 5799] after; that if the applicant is compelled to put back into force and effect the rates charged by it for service prior to June 6, 1919, it will not be enabled thereby to

earn a fair return upon its property; that the rates and schedules charged by the applicant under the order of the Postmaster General herein referred to are fair, just, and reasonable, and will not earn more than a fair and reasonable return on its property; that an emergency exists by reason of the impending return of the telephone property to the applicant on August 1, 1919, and that irreparable damage and injury will be sustained by it unless it is by the order of this Commission authorized to increase schedules of telephone exchange rates and other charges applica- and investigation by the Commission.

At the time of the filing of said application, the Chicago Telephone Company filed with the Commission new schedules of telephone exchange rates and other charges applicable to the City of Chicago and all other cities, villages, and communities served by it in the State of Illinois, and long distance service furnished by it between points wholly within the State of Illinois, said schedules being substantially the same as those heretofore promulgated by the Postmaster General and charged by the Chicago Telephone Company during the period of Federal control. The petition requests the Commission to suspend the requirements of notice, set the petition for immediate hearing, and, in consideration of the emergency, to enter its order continuing the proposed rates and charges in force, upon such terms and conditions as the Commission may deem advisable.

[fol. 5800] It is therefore ordered that the rates and schedules filed in this proceeding by the Chicago Telephone Company on July 16, 1919 be suspended for a period of 120 days from August 1, 1919.

It is further ordered that the rates established and approved by the Postmaster General be, and the same are modified as hereinafter provided.

It is further ordered that the Chicago Telephone Company be permitted to charge and collect for local service rendered by it to its subscribers and patrons within the City of Chicago the rates heretofore charged by it for the service authorized in accordance with the Postmaster General's order and during the period of government control, subsequent to June 16, 1919, said permission to continue in effect until the 30th day of November, 1919, unless this order is sooner modified, altered, or changed by order of the Commission; Provided, however, that all patrons and

customers using coin box or nickel service in class 4 CR, being 4-party line residence service, shall be entitled to thirty messages per month at a guarantee of $1.50 monthly, instead of forty messages for two dollars per month as prescribed in said Postmaster General's schedules, additional or excess messages to be charged for at four cents each.

[fol. 5801] In addition to the portions of this order, printed in full above, it contains, in substance, the following:

Seven hearings were held on the petition at which representatives of the City of Chicago and other municipalities were present. Evidence introduced tended to show that petitioner had suffered from substantial increase in its operating expenses, cost of labor and materials and resulting decrease in net revenues. No evidence was introduced showing the revenues from the Government rates in effect since June 11 and 16, 1919. Expert evidence showed that the Government rates (especially the abolition of flat rate service) necessitated several thousand changes in the physical equipment of the Company, which would make it difficult, if not impossible, to return to old standards upon short notice.

It became apparent to the commission that a full investigation could not be completed prior to August 1, 1919 in time to enter an order as to rates to become effective upon the termination of Government control. The commission, therefore, found that a temporary order should be entered insuring, so far as possible, the maintenance of the service and that in the state of the record the rights and interest of both the public and the Company could be best protected by permitting the Company to charge and collect, temporarily, the schedules in force during the period of Government control, subject to modifications specifically ordered. (P. 7-9.) It, therefore, ordered the continuance of the postmaster general rates with some specified modifications and set the case for further hearing.

[fol. 5802] EXTRACTS FROM EXHIBIT X-430

I. P. U. C. No. 2, Chicago Telephone Company, Schedule of Total Rates, Filed July 16, 1919, in Case #9291

(Here follows side folio 5803)

EXHIBIT X-430

I. P. U. C. No. 2
CANCELING I. P. U. C. NO. ORIGINAL

CHICAGO TELEPHONE COMPANY
SCHEDULE OF TOLL RATES

Station-to-Station Service

The term Station-to-Station service is defined as a connection between any two telephones (including private branch exchange switchboard operator) and does not contemplate the establishment of conversation between particular individuals.

Under Station-to-Station rates a charge for a message is made in all cases where a connection is established with the called station. The charges for a Station-to-Station message shall not be "reversed"; i. e., collected at the called station.

MESSAGE RATES (STATION-TO-STATION BASIS)

Day Rates:—4.30 A. M. to 8.30 P. M.

Air Line Mileage Distance		Initial Rate		Overtime Rate	
More than Miles	But Not to Exceed Miles	Rate	Minutes or Fraction Thereof	Rate	Minutes or Fraction Thereof
0	12	$0.10	5	$0.05	3
12	18	.15	5	.05	2
18	24	.20	5	.05	2
24	32	.25	5	.05	1
32	40	.30	3	.10	1
40	48	.35	3	.10	1
48	56	.40	3		

For each additional 8 miles or fraction thereof, 5 cents additional. All initial rates for distances beyond 56 miles are for periods of three minutes or fraction thereof.

Overtime rate for distances more than 48 miles, approximately one-third initial rate for each additional minute or fraction thereof.

Evening Rates:—Between 8.30 P. M. and 12 Midnight, **One-half** of the day rates.

Night Rates:—Between 12 Midnight and 4.30 A. M., **One-fourth** of the day rates.

Minimum "Evening" or "Night" rates, 25 cents.

In applying Day, Evening and Night rates, the time of day at the originating point shall govern.

The time at which connection is established governs the rate in determining whether the Day, Evening or Night charge applies.

If connection is established in one period and terminates in another, the rate in effect at the time the connection is established applies to the entire message.

Person-to-Person Service

Calls for particular individuals are accepted at a rate **one-fourth more** than those quoted under Station-to-Station service, subject to the following regulations:

Orders for Person-to-Person service are accepted only under the condition that a limited charge (to be known as **"Report Charge"**) will be made in the event the Company is unable to establish communication for any one of the following reasons:

1.—When the order is to establish communication with a particular person in a given city, telephone address unknown, and the particular person cannot be secured within one hour (exclusive of any time during which "no circuits" or other cause prevents communication of the order to the distant city or exchange, or its completion).

2.—When the designated person called refuses to talk.

3.—When the report is returned that the designated person called is "out" or "out and will return at (specified time)" or "out and time of return unknown," "is absent from the city," and similar reports advising the calling subscriber of the facts ascertained when failure to complete the order is due solely to the circumstances of the called person or to fault in describing the location of the called person, and when all of the work preliminary to establishing communication with the called person is done.

4.—When communication between the designated persons cannot be established because the designated person at the calling station is absent at the calling station; provided that no charge shall be made in such cases where the delay, if any, in establishing connection is greater than one hour.

5.—When the designated person at the calling station refuses to talk when the facilities for communication have been established.

A Report Charge in addition to regular message charge is not made provided the call is completed on the day it is filed.

In any case where a Report Charge applies, the minimum Report Charge is 5 cents and the maximum $2.00—approximately **one-fourth** of the initial Station-to-Station rate.

No Person-to-Person rate shall be less than 15 cents.

To points where the Station-to-Station rate is 10 cents, a Person-to-Person call is accepted at the 15 cent rate.

The initial period on all Person-to-Person calls is three minutes. An additional charge is made for each additional minute or fraction thereof. On a 15 cent, 20 cent or 25 cent message the charge for each additional minute is 5 cents. On a 30 cent message the charge for each additional minute is 10 cents, and on all messages where the initial rate is 40 cents or more a charge equal to approximately **one-third** the initial rate is made for each additional minute or fraction thereof.

Appointment Calls:—An Appointment Call is a Person-to-Person call on which communication is to be established at a specified time.

The rate for an Appointment Call is approximately **one-half** more than the Station-to-Station rate; but in the case of any Appointment Call, where the distant station is reached, whether the appointment be made or not, the Report Charge applicable in case of Person-to-Person calls shall be made.

Messenger Calls:—Messenger Calls are Person-to-Person calls requiring the use of a messenger to secure a designated person.

The rates for Messenger Calls shall be the same as apply to Appointment Calls, plus any charges that may be required for the service of messengers.

Messenger charges incurred are to be paid even if desired conversation is not held.

Collect Calls:—Collect Calls are Person-to-Person calls; the charges for which are "reversed"; that is, to be collected from the called station, provided the charges are accepted by the person called.

Evening and Night Rates as described in Station-to-Station schedule do not apply to Person-to-Person calls, the rate being the same on these either day, evening or night.

EFFECTIVE_____ ISSUED_____

BY A. R. Bone

GENERAL COMMERCIAL SUPERINTENDENT

5803

49884

[fol. 5804] EXTRACTS FROM EXHIBIT X-431

Petition of November 15, 1919, in Cases 8672 and 9291, I. P. U. C.

State of Illinois Public Utilities Commission

No. 8672

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY to Increase Telephone Rates in All Its Exchanges (Except the City of Chicago) in the Counties of Cook, DuPage, Grundy, Kane, Kendall, Lake, McHenry and Will

No. 9291

In the Matter of the Application of the CHICAGO TELEPHONE COMPANY for Authority to Put Into Force Certain Rates Throughout the State of Illinois

(Page 6)

Your applicant therefore prays the State of Illinois Public Utilities Commission to enter its order:

(1) Permitting Chicago Telephone Company to charge and collect for local service rendered by it to its subscribers and patrons within the City of Chicago the rates now in effect, providing that the rate to all subscribers and patrons using coin-box four-party line residence service (Class 4 C. R.) shall be a guarantee of 7½ cents per day, including one and one-half outgoing messages, additional or excess messages to be charged for at 4 cents each.

(4) Permitting Chicago Telephone Company to charge for long distance telephone service to points lying wholly within the State of Illinois, the rates at present in force, provided that all person to person collect, appointment and messenger calls within points lying wholly within the State of Illinois shall be charged for at the rates for said calls set forth in the schedules filed with the Commission on July 16, 1919.

[fol. 5805]

EXHIBIT X-432

Illinois Bell Telephone Company

Data Relative to Stock Issues, 1920–1930

Year of Stock Offer	Date of notice to stockholders calling a meeting to approve proposed increase in capital stock	Date of meeting when directors authorized issue of additional stock	Date when stockholders were advised of plan of financing and right to subscribe	Date when right to subscribe expired	Date or dates of payment for stock
1921	May 25, 1921	June 15, 1921	June 17, 1921	August 24, 1921	August 24, 1921
1922	Mar. 4, 1922	Mar. 29, 1922	June 15, 1922	July 15, 1922	50% June 30, 1922 or 50% July 15, 1922
					25% Sept. 30, 1922
					25% Dec. 30, 1922
1923	Mar. 29, 1923	Apr. 12, 1923	May 29, 1923	June 30, 1923	Payment in full June 30, 1923 or Installments as follows:
					40% June 30, 1923
					* 20% Sept. 29, 1923
					* 20% Dec. 31, 1923
					20% Mar. 31, 1924
1925	Feb. 7, 1925	Mar. 25, 1925	June 19, 1925	July 29, 1925	50% July 29, 1925
					25% Sept. 30, 1925
					25% Dec. 31, 1925
1926	July 22, 1926	Sept. 22, 1926	Nov. 30, 1926	Jan. 15, 1927	50% Jan. 15, 1927
					25% June 30, 1927
					25% Sept. 30, 1927
1928	Sept. 10, 1928	Nov. 28, 1928	Dec. 20, 1928	March 1, 1929	50% July 1, 1929
					25% Jan. 2, 1930
					25% July 1, 1930

*Option to pay remaining balances on these dates.

[fol. 5806] EXHIBIT X-433 P. 1

(Copy)

Letter to Telephone Company Presidents.

August 26, 1927.

Prices on approximately fifty classes of telephone apparatus will be reduced, effective September 1, 1927, on shipments on and after that date and until further notice. These price reductions are due largely to the further introduction of labor saving machinery in our plants, improvements in manufacturing methods, increased efficiency of our personnel and a more stable production program which has been made possible by continued progress in standardizing and stocking apparatus and equipment.

Some of the more important classes of apparatus affected are:

Class	Percent Price Reduction
Relays	11
Flameproof Distributing Frame Wire	14
Relay Call Indicator Mounting Units	28
Straightforward Trunking Mounting Units	10
Subsets and Telephone Sets	3
Lamps (Switchboard)	18
Protector Blocks	24
Keys and Key Units	5
Dials	6
Fuses	7
Telephone Repeater Sets	26
Carrier Current Equipment	23

[fol. 5807] The prices effective September 1st will result in an annual reduction of approximately $3,750,000 to the Bell Telephone Companies based on the present volume of their purchases. Taking into consideration the loop cable prices made effective July 1, 1927, as announced in my letter of June 9th, price reductions made in the latter half of this year will aggregate over $5,000,000 on an annual basis. Price reductions made during the years 1926 and 1927, together with those covered by this letter, will total approximately $20,000,000 annually, on the present volume of purchases.

Substantial improvement has also been made in the cost of equipment specification and installation work. The outstanding factors contributing to this result were: Increased efficiency of our personnel, further simplification of equipment specification practices and installing methods, greater utilization of standardized equipment units and stocking plans, and the introduction of improved labor saving testing equipment.

In addition, through the excellent cooperation given by the various organizations of the Operating Companies, it has been possible to obtain a better coordination of our work, through the equalizing or leveling of load requirements, which has resulted in an appreciable reduction in costs.

Improvements made in equipment specifications and installation costs through 1926 and 1927 will result in an [fol. 5808] annual saving of at least $6,000,000 in addition to the $20,000,000 for apparatus and cable. Since our charges to you for this class of work are adjusted currently to changing costs, these savings as accomplished are reflected in our billing. The total price reductions referred to, including equipment specification and installation work, amount to 13% on our annual sales to the Bell Telephone Companies.

The changes to be made effective September 1, 1927 will be announced in detail through the usual medium of revisions to our Price List.

Yours very truly, (Signed) E. S. Bloom, President.

[fol. 5809] EXHIBIT X-434

October 17, 1930.

Mr. Frederick H. Reid, President Mountain States Telephone and Telegraph Company, 931 Fourteenth Street, Denver, Colorado.

DEAR MR. REID: During the years 1926 to 1929 many important reductions were made in the prices of our products and charges for our services to the Associated Companies, largely the result of our constant effort to increase the efficiency of our operations. Price reductions made since the beginning of 1926 have resulted in an annual saving to the Associated Companies of approximately $100,000,000

based on their present volume of purchases. This means that, at January 1, 1926, prices, the Associated Companies would have paid over 25% more for their 1930 purchases than the actual billing rendered.

During 1929 (January 1, February 1, and July 1) reductions in telephone apparatus prices amounting to over $12,000,000 annually. We had hoped to maintain these lower prices, and possibly make further reductions, in view of the estimates of last year that the future requirements of the Associated Companies would average close to $500,000,000 per year during the five years from 1930 to 1934.

As you know, in preparation for this estimated volume of business, large additions have been made to our manufacturing plants in order that we might satisfactorily meet the requirements of the Associated Companies. Unfortunately, however, as a result of the present depression the expected requirements of the Associated Companies have been continually decreasing, and it now appears that our volume of sales for the year 1930 will be about 25% less than the amount estimated in the Fall of 1929. Furthermore, present indications are that the volume for 1931 will be substantially below the 1930 total.

Under these circumstances it is impossible to maintain the present level of prices and we propose to readjust prices [fol. 5810] for Western Electric apparatus to approximately the level prevailing at the close of 1928. Therefore, effective on shipments made on and after November 1, 1930, and until further notice, prices for Western Electric apparatus, except lead covered cable, will be increased about 9% on the average. This will result in an increase of about $12,000,000 annually based on the present view of 1931 requirements of which about $2,000,000 will be effective in 1930.

Our present price level on telephone apparatus and equipment is about 72% of the January 1, 1926 level. With the readjustments effective November 1, 1930, the level will be about 79%, or 21% lower than at January 1, 1926.

Prices will be increased on practically all classes of apparatus and equipment except cable, and will be announced in detail through the usual revision of our Price List.

I am enclosing a list showing the approximate percentage increase for some of the more important items.

Sincerely yours, (Sgd.) Edgar S. Bloom, President.

Enc.

O.

[fol. 5811] Important Price Increases

Effective November 1, 1930

	Per Cent Increase
Step-by-Step Systems—Mechanical Equipment	10
Panel Systems—Mechanical Equipment	12
Manual Central Office Switchboards:	
#1, #2 and #3—Standard Assemblies	6
#11—Standard Assemblies	20
P.B.X. Switchboards:	
#506—Standard Assemblies	3
#550-SC & 551—Standard Assemblies	11
Carrier Current Equipment	8
Repeater Equipment:	
Telephone Repeater Panels	13
Telephone Repeater Units & Bays—Standard Assemblies	25
Vacuum Tubes—#101, #102 and #104 Types	10
Common Systems:	
Condensers	10
Cords	6
Frames—Intermediate Distributing	18
Jacks and Jack Mountings	12
Keys, Key Units and Mountings	6
Message Registers	10
Mounting Units—Relay—Standard Assemblies	15
Protectors, Protector Mountings and Groups	14
Relays	10
Relay Racks	20
Substation Apparatus:	
Dials	11
Hand Telephone Sets	4
Subscribers' Sets	12
Loading Coils and Cases	5
Cable Terminals	10

(Here follows side folio 5812)

[fol. 5812]

EXTRACTS FROM EXHIBIT X-435, P. 24

This Copy for C. E. Moody

Associated Operating Companies

Excludes American Telephone and Telegraph Company, Long Lines

Distribution of Total Net Earnings for Month of December, 1929

	Net Telephone Earnings				Total Net Earnings					
	This Month	Increase Over Last Month	12 Months This Month	Increase Over Same Period Last Year	This Month	12 Months This Year	Interest This Month	Dividends This Month	This Month	Incr Last
New England Tel. and Tel. Co	$1,380,456	$210,471	$16,147,005	$1,655,762	$1,456,172	$16,672,590	$486,899	$738,358	$230,915	$2
Southern New England Tel. Co	351,765	17,987	3,904,086	353,655	366,321	4,047,006	52,827	233,333	80,161	
New York Telephone Company	2,978,784	33,881	35,529,574	2,997,639	3,289,452	39,321,566	1,058,771	2,006,082	224,599	2
New Jersey Bell Tel. Co	1,448,122	606,042	10,401,353	1,573,048	1,467,484	10,575,756	132,965	669,301	665,218	5
Bell Tel. Co. of Pennsylvania	1,434,576	120,903	17,053,026	694,605	1,607,014	17,941,022	487,377	711,042	408,595	
Ches. & Pot. Tel. Co	177,884	49,700	1,587,707	125,091	188,531	1,668,460	36,151	86,667	65,713	
Ches. & Pot. Tel. Co. of Balt. City	256,747	1,678	2,881,240	137,931	259,890	2,902,562	23,035	196,329	40,526	
Ches. & Pot. Tel. Co. of Virginia	161,008	3,833	1,678,805	149,685	168,334	1,750,019	38,657	88,000	41,677	
Ches. & Pot. Tel. Co. of West Va	68,725	8,567	1,057,887	6,985	68,669	1,063,768	19,775	81,000	32,106	
Southern Bell Tel. and Tel. Co	1,230,338	90,694	12,806,542	764,276	1,332,019	13,233,670	305,583	833,326	193,110	1
Ohio Bell Telephone Company	724,035	26,733	8,644,860	437,437	788,274	9,047,345	75,781	718,815	6,322	3
Cinn. and Subn. Bell Tel. Co	200,436	1,284	2,339,239	142,594	219,752	2,521,728	3,592	164,217	51,943	
Michigan Bell Tel. Co	703,670	54,908	8,221,659	669,186	736,752	8,474,956	249,184	566,667	79,099	5
Indiana Bell Tel. Co	166,554	100,773	3,046,964	388	175,478	3,219,837	36,247	200,000	60,769	11
Wisconsin Telephone Company	327,458	91,914	3,926,041	151,121	350,652	4,040,292	32,353	199,857	118,442	8
Illinois Bell Tel. Co	1,474,617	119,163	16,879,659	2,667,423	1,519,995	17,370,611	456,675	733,334	329,986	19
Northwestern Bell Tel. Co	638,027	39,205	7,921,880	741,548	663,921	8,122,151	55,261	459,324	149,336	3
Southwestern Bell Tel. Co	1,774,213	52,139	21,058,516	2,475,432	1,913,460	21,938,367	350,424	1,060,415	502,621	
Mountain States Tel. and Tel. Co	455,768	32,262	4,728,692	441,142	467,768	4,962,701	140,427	256,265	71,076	1
Pacific Tel. and Tel. Co	1,873,377	88,353	22,334,990	1,936,130	1,984,132	23,558,482	750,129	952,500	281,503	9
Total Assoc. Oper. Cos.*	$17,826,559	$621,171	$202,149,729	$17,571,741	$19,102,262	$212,288,707	$4,742,176	$10,955,135	$3,404,951	$60

* Duplications excluded in Totals.

Date issued: January 30, 1930.

EXTRACTS FROM EXHIBIT X-435, P. 24

This Copy for C. E. Moody

Associated Operating Companies

Excludes American Telephone and Telegraph Company, Long Lines

Distribution of Total Net Earnings for Month of December, 1929

hone Earnings		Total Net Earnings				Undivided Profits				Rate of Depreciation During 1929	Net Telephone Earnings to Average Plant in Service During	
12 Months This Month	Increase Over Same Period Last Year	This Month	12 Months This Year	Interest This Month	Dividends This Month	This Month	Increase Over Last Month	12 Months This Year	Increase Over Same Period Last Year		1929	Same Period Last Year
$16,147,005	$1,655,762	$1,456,172	$16,672,590	$486,899	$738,358	$230,915	$220,796	$2,643,716	$1,192,034	4.20	6.39	6.05
3,904,086	353,655	366,321	4,047,006	52,827	233,333	80,161	18,883	775,176	28,926	4.62	6.87	6.83
35,529,574	2,997,639	3,289,452	39,321,566	1,058,771	2,006,082	224,599	279,530	5,582,543	486,523	4.69	5.78	5.73
10,401,353	1,573,048	1,467,484	10,575,756	132,965	669,301	665,218	598,377	1,306,469	305,818	4.44	6.72	6.36
17,053,026	694,605	1,607,014	17,941,022	487,377	711,042	408,595	5,999	4,160,159	114,368	4.69	6.77	6.93
1,587,707	125,091	188,531	1,668,460	36,151	86,667	65,713	47,817	277,728	158,996	4.44	5.94	6.80
2,881,240	137,931	259,890	2,902,562	23,035	196,329	40,526	1,503	325,358	59,073	5.13	6.66	6.61
1,678,805	149,685	168,334	1,750,019	38,657	88,000	41,677	2,422	314,849	29,226	4.93	7.02	6.79
1,057,887	6,985	68,669	1,063,768	19,775	81,000	32,106	9,568	110,618	111,483	5.11	5.18	5.59
12,806,542	764,276	1,332,019	13,233,670	305,583	833,326	193,110	107,786	618,419	655,006	5.34	6.48	6.62
8,644,860	437,437	788,274	9,047,345	75,781	718,815	6,322	37,950	163,080	673,564	5.49	6.09	6.32
2,339,239	142,594	219,752	2,521,728	3,592	164,217	51,943	1,744	501,556	245,322	5.06	7.58	8.47
8,221,659	669,186	736,752	8,474,956	249,184	566,667	79,099	51,042	787,290	375,996	5.24	5.62	5.88
3,046,964	388	175,478	3,219,837	36,247	200,000	60,769	116,836	537,525	92,791	5.52	7.81	8.22
3,926,041	151,121	350,652	4,040,292	32,353	199,857	118,442	86,363	1,478,694	26,295	4.35	7.14	7.43
16,879,659	2,667,423	1,519,995	17,370,611	456,675	733,834	329,986	194,533	4,273,422	1,283,817	4.77	6.73	6.20
7,921,880	741,548	663,921	8,122,151	55,261	459,324	149,336	34,997	2,241,955	297,068	4.72	7.49	7.35
21,058,516	2,475,432	1,913,460	21,938,367	350,424	1,060,415	502,621	854	5,714,428	1,003,916	5.33	7.80	7.47
4,728,692	441,142	467,768	4,962,701	140,427	256,265	71,076	10,843	859,265	176,665	4.90	6.25	6.43
22,334,990	1,936,130	1,984,132	23,558,482	750,129	952,500	281,503	96,159	4,193,616	691,055	4.79	6.55	6.55
$202,149,729	$17,571,741	$19,102,262	$212,288,707	$4,742,176	$10,955,135	$3,404,951	$608,910	$35,070,050	$2,680,075	4.83	6.52	6.47

C. A. Heiss, Comptroller.

[fol. 5813] X-435, P. 25

This Copy for Mr. C. E. Moody

Bell Telephone System in United States

American Tel. and Tel. Co. Including its Interest in Bell System Companies (a)

	Dec. 31, 1929	Increase Over Dec. 31, 1928	% Increase	Minority Interest Dec. 31, 1929
Intangible Capital	$14,589,317	$1,145,785*	7.28*	$609,072
Physical Property	3,526,938,887	393,464,130	12.56	255,035,190
Investments	213,669,114	51,702,741	31.92	2,353,830
Cash and Deposits	67,537,774	101,803,931*	60.12*	3,323,994
Receivables	201,082,898	50,230,289	33.30	11,828,996
Total Assets	$4,023,817,990	$392,447,444	10.81	$273,151,082
Capital Stock — Common	$1,322,339,800	$32,648,400	2.53	$106,339,943
Funded Debt and Preferred Stock	1,134,908,629	168,690,775	17.46	57,518,427
Advances from System Corporations	0	0	0	30,996,586
Bills Payable	63,576,661	13,585,176	27.17	3,913,614
Other Payables (b)	274,830,468	45,333,450	19.75	10,934,444
Insurance and Casualty Reserve	131,188	31,868	32.09	66,580
Reserve for Depreciation	647,378,807	45,953,218	7.64	51,655,867
Surplus	580,652,437	86,204,557	17.43	11,725,621
Total Liabilities	$4,023,817,990	$392,447,444	10.81	$273,151,082

Book Asset Value per Share of American Tel. and Tel. Co. (a)

Capital Stock December 31, 1928, and December 31, 1929

	Dec. 31, 1928	Dec. 31, 1929
1. Excluding entire Reserve for Depreciation but including Intangible Capital	$138.00	$144.00
2. Including entire Reserve for Depreciation and including Intangible Capital	185.00	193.00
3. Excluding entire Reserve for Depreciation and Intangible Capital	137.00	143.00
4. Including entire Reserve for Depreciation and excluding Intangible Capital	184.00	192.00
% American Tel. and Tel. Co.'s interest in Bell System	94.89	95.09

(a) Without consideration of Western Electric Company, Inc., 195 and 205 Broadway Corporations and Bell Tel. Sec. Co., Inc., Surplus and Reserves.
(b) Includes Capital Stock Installments $72,173,617.
(*) Red figures.

Date issued: February 6, 1930.

C. A. Heiss, Comptroller.

(Here follow side folios 5814, 5815, and 5816)

EXHIBIT X-435

FORM S. N. 196 J (2)
This copy for
Mr. C. E. Moody

X-435

ASSOCIATED OPERATING COMPANIES
(Excludes American Tel. [illegible] and Tel. Co., Long Lines)
Name of Company

32

No. 22B
SHEET 1

CR 67 A

REVIEW OF PROVISIONAL ESTIMATE
AS OF AUGUST 31, 19 29.
(To be prepared as of March 31st, June 30th and August 31st)

EARNINGS AND EXPENSES ("000" Omitted)	This Year: Present View (a)	This Year: Provisional Estimate (b)	This Year: Increase over Prov. Est. (c)	Next Year: Present View (d)	Next Year: Forecast Per Prov. Est. (e)	
Exchange Revenues	693 424	680 027	13 397	738 973	716 266	1
Toll Revenues	262 245	249 820	12 425	290 619	270 761	2
Miscellaneous Operating Revenues	28 001	26 395	1 606	31 385	28 338	3
Total Telephone Revenues	983 670	956 242	27 428	1060 977	1015 365	4
Traffic Expenses	212 077	208 286	3 791	222 497	211 964	5
Commercial Expenses	99 577	95 756	3 821	107 989	100 860	6
General and Miscellaneous Expenses	40 530	35 949	4 581	43 559	37 795	7
Other Operation Expenses	35 478	38 279	2 801	38 934	41 027	8
Total Operation Expenses	387 662	378 270	9 392	412 979	391 646	9
Current Maintenance	165 457	157 454	8 003	181 856	167 037	10
Depreciation	151 983	151 714	269	166 424	163 705	11
Taxes	78 493	76 832	1 661	85 498	82 901	12
Total Telephone Expenses	783 595	764 270	19 325	846 757	805 289	13
Net Telephone Earnings	200 075	191 972	8 103	214 220	210 076	14
Sundry Net Earnings	10 328	10 848	520	11 621	11 517	15
Total Net Earnings	210 403	202 820	7 583	225 841	221 593	16
Deduct Interest	46 755	46 786	31	xxxx xxx	xxxx xxx	17
Balance Net Profits	163 648	156 034	7 614	xxxx xxx	xxxx xxx	18
Deduct Dividends (Paid and Accrued) — Preferred	12 253	12 255	2	xxxx xxx	xxxx xxx	19
— Common	117 876	117 958	82	xxxx xxx	xxxx xxx	20
Total Dividends	130 129	130 213	84	xxxx xxx	xxxx xxx	21
Undivided Profits	33 519	25 821	7 698	xxxx xxx	xxxx xxx	22
Average Plant in Service	3101 639	3106 586	4 947	3419 929	3368 731	23
Average Number of Company Stations	14 893	14 741	152	15 771	15 462	24
Net Tel. Earnings to Average Plant in Service (Annual Basis)	6.45%	6.18%	xxxxxxxx	6.26%	6.24%	25
Bal. Net Prof. (After Pref. Div.) to Aver. Com. Stock (Annual Basis)	10.11%	9.59%	xxxxxxxx	xxxxxxxx	xxxxxxxx	26

COMPANY STATIONS · TOLL USAGE AND CALLING RATE	This Year: Present View (f)	This Year: Provisional Estimate (g)	This Year: Increase over Prov. Est. (h)	Next Year: Present View (i)	Next Year: Forecast Per Prov. Est. (j)	
Total Inward Station Movement	4690 117	4439 252	250 865	4946 773	4640 000	27
Total Outward Station Movement	3829 441	3728 735	100 706	4082 173	3914 000	28
Net Station Gain	860 676	710 517	150 159	864 600	726 000	29
Toll Usage—Total Messages A-B ("000" Omitted)	673 670	668 213	5 457	738 771	731 703	30
—Total Messages Toll Board ("000" Omitted)	284 687	276 796	7 891	312 145	296 079	31
Total ("000" Omitted)	958 357	945 009	13 348	1050 916	1027 782	32
Average Daily Calling Rate Per Station—Local	-	-	-	-	-	33

CONSTRUCTION PROGRAM · ("000" Omitted)	Total Approved Estimates for Expenditures This Year (k)	Actual Expenditures 8 Mos. This Year (l)	This Year: Present View (m)	This Year: Provisional Estimate (n)	This Year: Increase over Prov. Est. (o)	Next Year: Present View (p)	Next Year: Forecast Per Prov. Est. (q)	
Right of Way	xxx xxx	1 957	3 432	2 971	461	xxx xxx	xxx xxx	34
Land and Buildings	xxx xxx	33 274	62 929	52 146	10 783	xxx xxx	xxx xxx	35
Central Office Equipment	xxx xxx	63 203	107 171	118 829	11 658	xxx xxx	xxx xxx	36
Station Equipment	xxx xxx	75 895	120 032	112 347	7 685	xxx xxx	xxx xxx	37
Exchange Lines	xxx xxx	82 401	128 378	120 145	8 233	xxx xxx	xxx xxx	38
Toll Lines	xxx xxx	45 307	76 665	66 227	10 438	xxx xxx	xxx xxx	39
Interest dur. Const. and Undis. Const. Expend't	xxx xxx	2 306	4 018	4 422	404	xxx xxx	xxx xxx	40
Total Gross Construction	445 834	304 343	502 625	477 087	25 538	579 206	464 522	41
Plant Removed or Abandoned	166 475	125 008	199 373	184 700	14 673	221 886	209 484	42
Net Additions	279 359	179 335	303 252	292 387	10 865	357 320	255 038	43

* Excludes Purchases, Sales and Transfers.

Show on reverse side or supplemental sheets, reasons for any important differences between "provisional estimate" and "present view" figures.

Date issued September 30, 19 29.
Should be issued not later than the 25th.

C. A. Heiss,
Comptroller.

5814

49164

X-435 Official File 34 CR 67B

FORM S. N. 196 L (5) ASSOCIATED OPERATING COMPANIES No. 22C

This Copy for (Excludes American Tel.and Tel.Co.,Long Lines Dept.)
Name of Company

Mr.

PRESENT VIEW OF NEXT YEAR (1932)

"000" Omitted (To be prepared as of May 1st and September 1st)

		Forecast Per 1931 Prov. Est. a	Present View as of May 1st b	Present View as of Sept. 1st c	Change from Previous View d	
	COMPANY STATIONS AND LINES					
1	Total Inward Station Movement	5 151	4 819	4 645	-7	1
2	Total Outward Station Movement	4 415	4 335	4 356	21	2
3	Net Station Gain	736	484	289	-	3
4	Average Number of Company Stations	16 559	15 971	15 648	323	4
5	Net Gain in Exchange Circuits Serving Company Stations	483	328	206	-	5
	TOLL USAGE AND CALLING RATE					
6	Average Daily Calling Rate per Station—Local	5.27	5.18	5.12	.06	6
7	Toll Usage: Total messages A-B	661 399	607 471	562 966	44 505	7
8	Toll Usage: Total messages—Toll Board	341 759	315 453	293 952	-	8
	CONSTRUCTION PROGRAM					
9	Right of Way	3 238	2 081	1 788	[illegible]	9
10	Land and Buildings	43 474	25 046	16 422	8 624	10
11	Central Office Equipment	110 910	79 290	69 737	9 553	11
12	Station Equipment	142 069	134 481	129 444	5 037	12
13	Exchange Lines	112 870	89 762	75 615	14 147	13
14	Toll Lines	52 211	30 515	24 149	6 366	14
15	Interest during Construction and Undistributed Const. Expend	5 095	3 715	3 312	-	15
16	**Total Gross Construction**	469 867	364 890	320 467	44 423	16
17	Plant Removed or Abandoned	220 594	211 041	210 534	507	17
18	Net Additions	249 273	153 849	109 933	43 916	18
19	Average Plant in Service	3885 172	3797 022	3763 928	-	19
	REVENUES AND EXPENSES					
20	Exchange Revenues	799 760	763 201	743 351	19 850	20
21	Toll Revenues	303 799	278 034	255 254	22 780	21
22	Miscellaneous Operating Revenues	36 512	34 500	33 998	502	22
23	**Total Telephone Revenues**	1140 071	1075 735	1032 603	43 132	23
24	Traffic Expenses	219 010	201 397	188 446	12 951	24
25	Commercial Expenses	114 000	106 038	105 227	811	25
26	General and Miscellaneous Expenses	48 727	47 084	46 196	888	26
27	Other Operation Expenses	42 609	40 941	39 847	1 094	27
28	**Total Operation Expenses**	424 346	395 460	379 716	15 744	28
29	Current Maintenance	195 173	179 686	170 477	9 209	29
30	Depreciation	186 120	181 854	180 148	1 706	30
31	Taxes	97 902	94 261	91 819	2 442	31
32	**Total Telephone Expenses**	903 541	851 261	822 160	29 101	32
33	**Net Telephone Earnings**	236 530	224 474	210 443	14 031	33
34	Sundry Net Earnings	12 026	10 820	10 476	344	34
35	**Total Net Earnings**	248 556	235 294	220 919	14 375	35
36	Net Telephone Earnings to Average Plant in Service	6.09%	5.91%	5.59%	xxxxxxxx	36

Date issued September 28, 1931.
Should be issued not later than the 30th.

~~General Auditor~~ C. A. Hill Comptroller. President

5815

459458

[fol. 5816]

EXHIBIT X-435, 35

This copy for Mr. C. E. Moody

Associated Operating Companies

Statistical Units

For Twelve Months Ending December 31, 1929

Companies Ranked on Basis of Company Stations

	New York Tel. Co.	Pac. T. & T. Co.	Ill. Bell Tel. Co.	South-west. Bell T. Co.	Bell T. Co. of Pa.	New Eng. T. & T. Co.	So. Bell T. & T. Co.	Ohio Bell Tel. Co.	Mich. Bell Tel. Co.	N. J. Bell Tel. Co.	North-west. Bell T. Co.	Mtn. Sts. T. & T. Co.	Wis. Tel. Co.	So. New Eng. T. Co.	Ind. Bell Tel. Co.	Ches. & Pot. T. Co. of B. C.	Cinn. & Subn. Bell T. Co.	Ches Pot. Co (N.
Percentages (Annual Basis):																		
Total Tel. Rev. (Except Adv. & Dir.) to Avg. Plant in Ser.	32.6	29.4	36.4	31.1	28.4	28.8	31.1	30.7	28.5	31.6	31.6	29.0	32.3	29.4	33.9	30.8	33.9	30
Operation Expenses to Telephone Revenues	44.1	37.1	41.1	36.1	40.1	37.6	36.9	37.2	35.5	40.9	37.4	38.8	38.6	38.1	34.7	37.4	38.3	45
Telephone Expenses to Telephone Revenues	82.5	78.3	81.8	75.7	77.0	78.3	79.5	80.5	80.6	79.0	76.8	79.0	78.3	76.9	77.5	78.9	77.8	81
Current Maintance to Average Plant in Service	5.8	5.1	6.3	4.5	5.0	5.6	5.1	5.4	5.2	5.2	5.6	4.5	5.7	5.0	5.2	4.9	5.3	4
Depreciation to Average Plant in Service (Including Office Furniture and Fixtures)	4.7	4.8	4.8	5.3	4.7	4.2	5.3	5.5	5.2	4.4	4.7	4.9	4.4	4.6	5.5	5.1	5.1	4
Net Telephone Earnings to Average Plant in Service	5.8	6.6	6.7	7.8	6.8	6.4	6.5	6.1	5.6	6.7	7.5	6.3	7.1	6.9	7.8	6.7	7.6	5
Balance Net Profits (After Preferred Dividend) to Average Common Stock	10.0	11.5	11.9	12.1	12.9	10.4	8.5	7.2	7.1	9.3	11.5	10.2	13.7	10.2	9.8	9.2	11.3	10
Per Station Earnings and Expenses—(Monthly Averages—As Reported):																		
Exchange Revenues	5.02	3.79	4.10	3.39	3.62	3.66	3.43	4.07	4.07	3.74	2.97	2.90	3.02	3.20	3.71	4.10	4.25	3.
Toll Revenues	1.40	1.74	1.29	1.86	1.30	1.33	1.74	1.15	1.14	2.50	1.42	1.38	1.20	1.24	1.34	1.33	.47	
Miscellaneous Operating Revenues	.18	.16	.09	.20	.23	.15	.13	.19	.15	.12	.14	.10	.11	.09	.13	.16	.06	
(Toll Revenues A. T. and T. Co. and Assoc. Cos.*)	(1.98)	(1.81)	(1.58)	(2.16)	(1.81)	(1.60)	(2.17)	(1.70)	(1.64)	(2.76)	(1.71)	(1.56)	(1.50)	(1.69)	(1.99)	(1.82)	(1.07)	(1.
Total Telephone Revenues	6.60	5.69	5.48	5.45	5.15	5.14	5.30	5.41	5.36	6.36	4.53	4.44	4.33	4.53	5.18	5.59	4.78	4.
Operation Expenses	2.91	2.12	2.25	1.97	2.06	1.93	1.95	2.02	1.90	2.61	1.69	1.72	1.67	1.73	1.80	2.09	1.83	2.
Traffic	(1.51)	(1.14)	(1.37)	(1.09)	(1.01)	(1.10)	(1.09)	(1.13)	(1.06)	(1.39)	(.95)	(.93)	(1.03)	(1.01)	(1.07)	(1.06)	(1.20)	(1.
Commercial	(.83)	(.56)	(.53)	(.47)	(.62)	(.50)	(.43)	(.42)	(.47)	(.74)	(.36)	(.46)	(.38)	(.39)	(.38)	(.57)	(.27)	(
General and Miscellaneous	(.27)	(.23)	(.19)	(.23)	(.23)	(.19)	(.20)	(.26)	(.20)	(.26)	(.23)	(.20)	(.17)	(.20)	(.20)	(.28)	(.23)	(
Current Maintenance	1.16	.96	.93	.76	.88	.97	.87	.93	.95	1.02	.78	.66	.75	.77	.78	.86	.74	
Depreciation	.95	.91	.72	.91	.83	.74	.90	.96	.98	.89	.68	.75	.58	.70	.88	.92	.72	
Taxes	.42	.47	.58	.48	.20	.38	.49	.45	.49	.51	.33	.38	.39	.28	.60	.54	.43	
Total Telephone Expenses	5.44	4.46	4.48	4.12	3.97	4.02	4.21	4.36	4.32	5.03	3.48	3.51	3.39	3.48	4.01	4.41	3.72	3.
Net Telephone Earnings	1.16	1.23	1.00	1.33	1.18	1.12	1.09	1.05	1.04	1.33	1.05	.93	.94	1.05	1.17	1.18	1.06	
Plant Per Station—(Includes Construction Work in Progress):																		
At end of period	251.	238.	184.	214.	218.	218.	207.	219.	235.	248.	174.	189.	176.	197.	185.	215.	183.	187.
% Increase—Since December 31st last:																		
Plant in Service	9.9	11.9	8.1	9.0	7.7	7.2	8.5	10.4	12.0	10.4	11.2	14.1	10.7	11.2	10.2	4.8	9	8.
Company Stations	6.7	6.4	5.2	4.2	7.2	3.1	4.5	9.6	7.8	7.7	6.9	5.3	5.4	6.9	12.0	4.8	4.7	5.

Date issued—January 30, 1930.

* Not included in totals.

C. A.

EXHIBIT X-435, 35

This copy for Mr. C. E. Moody

Associated Operating Companies

Statistical Units

For Twelve Months Ending December 31, 1929

Companies Ranked on Basis of Company Stations

	New York Tel. Co.	Pac. T. & T. Co.	Ill. Bell Tel. Co.	South-west. Bell T. Co.	Bell T. Co. of Pa.	New Eng. T. & T. Co.	So. Bell T. & T. Co.	Ohio Bell Tel. Co.	Mich. Bell Tel. Co.	N. J. Bell Tel. Co.	North-west. Bell T. Co.	Mtn. Sts. T. & T. Co.	Wis. Tel. Co.	So. New Eng. T. Co.	Ind. Bell Tel. Co.	Ches. & Pot. T. Co. of B. C.	Cinn. & Subn. Bell T. Co.	Ches. & Pot. T. Co. (N. Y.)	Ches. & Pot. T. Co. of Va.	Ches. & Pot. T. Co. of W. Va.
l Basis):																				
cept Adv. & Dir.) to Avg. Plant in Ser. . . :	32.6	29.4	36.4	31.1	28.4	28.8	31.1	30.7	28.5	31.6	31.6	29.0	32.3	29.4	33.9	30.8	33.9	30.5	31.6	29.1
to Telephone Revenues	44.1	37.1	41.1	36.1	40.1	37.6	36.9	37.2	35.5	40.9	37.4	38.8	38.6	38.1	34.7	37.4	38.3	45.3	39.8	41.7
s to Telephone Revenues	82.5	78.3	81.8	75.7	77.0	78.3	79.5	80.5	80.6	79.0	76.8	79.0	78.3	76.9	77.5	78.9	77.8	81.2	78.4	82.5
to Average Plant in Service	5.8	5.1	6.3	4.5	5.0	5.6	5.1	5.4	5.2	5.2	5.6	4.5	5.7	5.0	5.2	4.9	5.3	4.9	4.7	4.6
verage Plant in Service (Including Office xtures)	4.7	4.8	4.8	5.3	4.7	4.2	5.3	5.5	5.2	4.4	4.7	4.9	4.4	4.6	5.5	5.1	5.1	4.4	4.9	5.1
nings to Average Plant in Service	5.8	6.6	6.7	7.8	6.8	6.4	6.5	6.1	5.6	6.7	7.5	6.3	7.1	6.9	7.8	6.7	7.6	5.9	7.0	5.2
ts (After Preferred Dividend) to Average	10.0	11.5	11.9	12.1	12.9	10.4	8.5	7.2	7.1	9.3	11.5	10.2	13.7	10.2	9.8	9.2	11.3	10.1	10.4	5.3
igs and Expenses—(Monthly Averages—As																				
s	5.02	3.79	4.10	3.39	3.62	3.66	3.43	4.07	4.07	3.74	2.97	2.90	3.02	3.20	3.71	4.10	4.25	3.88	3.37	2.94
	1.40	1.74	1.29	1.86	1.30	1.33	1.74	1.15	1.14	2.50	1.42	1.38	1.20	1.24	1.34	1.33	.47	.43	1.33	1.50
ating Revenues	.18	.16	.09	.20	.23	.15	.13	.19	.15	.12	.14	.16	.11	.09	.13	.16	.06	.25	.18	.15
T. and T. Co. and Assoc. Cos.*)	(1.98)	(1.81)	(1.58)	(2.16)	(1.81)	(1.60)	(2.17)	(1.70)	(1.64)	(2.76)	(1.71)	(1.56)	(1.50)	(1.69)	(1.99)	(1.82)	(1.07)	(1.06)	(1.86)	(2.00)
one Revenues	6.60	5.69	5.48	5.45	5.15	5.14	5.30	5.41	5.36	6.36	4.53	4.44	4.33	4.53	5.18	5.59	4.78	4.56	4.88	4.59
s	2.91	2.12	2.25	1.97	2.06	1.93	1.95	2.02	1.90	2.61	1.69	1.72	1.67	1.73	1.80	2.09	1.83	2.06	1.94	1.91
	(1.51)	(1.14)	(1.37)	(1.09)	(1.01)	(1.10)	(1.09)	(1.13)	(1.06)	(1.39)	(.95)	(.93)	(1.03)	(1.01)	(1.07)	(1.06)	(1.20)	(1.20)	(1.03)	(1.00)
	(.83)	(.56)	(.53)	(.47)	(.62)	(.50)	(.43)	(.42)	(.47)	(.74)	(.36)	(.46)	(.38)	(.39)	(.38)	(.57)	(.27)	(.52)	(.46)	(.44)
liscellaneous	(.27)	(.23)	(.19)	(.23)	(.23)	(.19)	(.20)	(.26)	(.20)	(.26)	(.23)	(.20)	(.17)	(.20)	(.20)	(.28)	(.23)	(.24)	(.25)	(.28)
ice	1.16	.96	.93	.76	.88	.97	.87	.93	.95	1.02	.78	.66	.75	.77	.78	.86	.74	.71	.70	.72
	.95	.91	.72	.91	.83	.74	.90	.96	.98	.89	.68	.75	.58	.70	.88	.92	.72	.65	.75	.80
	.42	.47	.58	.48	.20	.38	.49	.45	.49	.51	.33	.38	.39	.28	.60	.54	.43	.28	.43	.36
one Expenses	5.44	4.46	4.48	4.12	3.97	4.02	4.21	4.36	4.32	5.03	3.48	3.51	3.39	3.48	4.01	4.41	3.72	3.70	3.82	3.79
ne Earnings	1.16	1.23	1.00	1.33	1.18	1.12	1.09	1.05	1.04	1.33	1.05	.93	.94	1.05	1.17	1.18	1.06	.86	1.06	.80
-(Includes Construction Work in Progress):																				
d	251.	238.	184.	214.	218.	218.	207.	219.	235.	248.	174.	189.	176.	197.	185.	215.	183.	187.	187.	188.
December 31st last:																				
	9.9	11.9	8.1	9.0	7.7	7.2	8.5	10.4	12.0	10.4	11.2	14.1	10.7	11.2	10.2	4.8	3.9	8.4	8.7	6.1
	6.7	6.4	5.2	4.2	7.2	3.1	4.5	9.6	7.8	7.7	6.9	5.3	5.4	6.9	12.0	4.8	4.7	5.7	8.2	5.5

—January 30, 1930.

* Not included in totals.

C. A. Heiss, Comptroller.

[fol. 5817]

X-435, 40

This Copy for Mr. C. E. Moody

Bell Telephone System in United States

Years Ended December 31st

	1925	1926	1927	1928	1929	Per Cent Increase 1929 Over 1925
Gross Construction*	$364,440,703	$382,749,686	$377,104,349	$428,777,516	$588,022,404	61.3
Plant Displaced*	107,098,594	122,233,933	149,654,872	168,635,488	199,102,391	85.9
Net Additions*	$257,342,109	$260,515,753	$227,449,477	$260,142,028	$388,920,013	51.1
Total Inward Station Movement*	3,535,081	3,876,500	3,999,148	4,235,552	4,656,812	31.7
Net Station Gain*	730,184	765,197	698,282	750,004	821,452	12.5
Total Telephone Revenues and Sundry Net Earnings	$761,376,740	$844,832,976	$916,868,622	$1,003,320,014	$1,115,144,401	46.5
Total Telephone Expenses	578,933,145	639,962,627	700,238,022	760,597,580	838,457,737	44.8
Total Net Earnings	182,443,595	204,870,349	216,570,600	242,722,434	276,686,664	51.7
Deduct—Interest	45,940,664	49,809,330	50,511,448	51,634,795	59,581,792	29.7
Balance Net Profits	136,502,931	155,061,019	166,059,152	191,087,639	217,104,872	59.0
Deduct—Dividends	93,242,657	100,614,437	112,401,125	119,348,612	132,223,835	41.8
Undivided Profits	$43,260,274	$54,446,582	$53,658,027	$71,739,027	$84,881,037	96.2
Average Monthly Telephone Operating Revenues Per Station:						
Exchange	$3.649	$3.790	$3.796	$3.832	$3.869	6.0
Toll	1.586	1.673	1.703	1.840	1.982	25.0
Miscellaneous	.110	.119	.121	.130	.141	28.2
Total	5.345	5.552	5.620	5.802	5.992	12.1

4947

X–435, 40–Continued

This Copy for Mr. C. E. Moody

Bell Telephone System in United States

Years Ended December 31st*

	1925	1926	1927	1928	1929	Per Cent Increase 1929 Over 1925
Average Monthly Net Telephone Operating Revenues Per Station	$1.685	$1.810	$1.809	$1.877	$1.890	12.2
Percentages (Annual Basis):						
Total Telephone Revenues (Excluding Advertising and Directory) to Average Plant in Service	31.5	31.3	30.9	31.2	31.2	x x
Operation Expenses to Telephone Revenue	39.5	38.4	38.2	37.9	38.3	x x
Telephone Expenses to Telephone Revenue	78.1	77.7	78.3	78.0	78.3	x x
Current Maintenance to Average Plant in Service	4.8	4.9	4.9	5.0	5.3	x x
Depreciation to Average Plant in Service (Including Office Furniture and Fixtures)	5.0	5.0	5.0	5.0	4.9	x x
Net Telephone Earnings to Average Plant in Service	7.0	7.1	6.8	7.0	6.9	x x
Balance Net Profits (After Preferred Dividend) to Average Common Stock	13.1	13.9	13.4	14.3	14.8	x x
Total Plant Per Station	$210.86	$216.57	$220.82	$226.85	$239.69	13.7
% Reserves to Plant (Excluding Land) and General Equipment in Service	21.53	21.11	20.28	20.24	19.59	x x

* Excludes Purchases, Sales and Transfers.

Division of Bell System Reports, January 30, 1930.

[fol. 5818]

EXHIBIT X-436, P. 1

Illinois Bell Telephone Company, Chicago Area

Excess of Depreciation Expense on Unit Method over Company Method

	1923	1924	1925	1926	1927	1928	1929	1930	1931
Manual Central Office Buildings		$4,289	$13,891	$20,010	$26,460	$33,236	$46,084	$47,030	$47,003
All Other Buildings									
Local Manual C. O. Equipment	*$226,595	*212,529	*190,868	*136,769	*60,770	32,125	32,096	95,918	127,266
Dial C. O. Equipment	*30,477	*65,898	*69,979	*96,691	*107,041	*122,939	*176,389	*222,451	*263,116
Toll C. O. Equipment:									
Switchboard Equip.	*32,537	*28,812	*17,145	9,525	80,972	138,695	133,092	*143,221	*156,777
Line Equip.									
Underground Conduit									
Underground Cable	75,798	107,239	122,999	141,099	156,896	188,693	197,373	199,088	205,782
Station Equipment									
Pole Lines	68,221	70,611	79,848	89,030	98,481	113,007	120,628	130,294	131,080
Aerial Cable									
Office Furn. & Fix.									
Total	*$145,590	*$125,100	*$61,254	$26,204	$194,998	$382,817	$352,884	$106,658	$91,238

Net Excess for Period 1923-31, $882,855.

* = Red figures.

[fol. 5819] X-436, P. 2

Manual Central Office Buildings

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

Year	Company Method			Unit Method		
	Life	Sal.	Rate	Life	Sal.	Rate
1923	21.4 Yrs.	20%	3.7%	23.0 Yrs.	15%	3.7%
1924	21.4	20	3.7	22.3	15	3.8
1925	21.4	20	3.7	21.4	15	4.0
1926	21.4	20	3.7	20.8	15	4.1
1927	21.5	20	3.7	20.4	15	4.2
1928	21.5	20	3.7	19.9	15	4.3
1929	21.5	20	3.7	19.0	15	4.5
1930	21.5	20	3.7	19.0	15	4.5
1931	21.5	20	3.7	19.0	15	4.5

Difference in Depreciation Expense Resulting from Rates Based Upon Company and Unit Methods

Year	Average Investment	Excess of Unit Over Company Method	
		Rate	Amount
1923	$4,071,535	%	
1924	4,288,874	.1	$4,289
1925	4,630,202	.3	13,891
1926	5,002,598	.4	20,010
1927	5,291,970	.5	26,460
1928	5,539,310	.6	33,236
1929	5,760,535	.8	46,084
1930	5,878,730	.8	47,030
1931	5,875,427	.8	47,003

[fol. 5820] X-436, P. 3

Dial Central Office Buildings

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

Year	Company Method			Unit Method		
	Life	Sal.	Rate	Life	Sal.	Rate
1923-31	35 Yrs.	20%	2.3%	40 Yrs.	7%	2.3%

No change in Depreciation Expense resulting from Company and Unit Methods.

[fol. 5821] X-436, P. 4

General Office Buidling

	(1) Investment	(2) Life	(3) $ Yrs.	(4) % Salvage
Company Method:				
Structure	75	50	3750	.....
Bldg. Equip. (1st life)	25	30	750	.....
" " (2nd ")	25	20	500	.....
	125	40	5000	.....

Unit Method:

	(1)	(2)	(3) 1÷2	(4)	(5) 4×3
Structure	75	50	1.5	..	....
Bldg. Equip. (1st life)	25	30	.833	*10	*.083
	100	44	2.333	*3	*.083

	Life	Salvage	Rate
Company	40	..	2.5%
United Method	44	*3	2.3%

$4,000 diff. 12/31/30.
* = Red figures.

[fol. 5822] X-436, P. 5

Local Manual C. O. Equipment

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

Year	Company Method Life	Salvage	Rate	Unit Method Life	Salvage	Rate
1923	12.4 Yrs.	10%	7.3%	15.4 Yrs.	6%	6.1%
1924	12.4	10	7.3	14.9	6	6.3
1925	12.4	10	7.3	14.4	7	6.5
1926	12.4	10	7.3	13.7	7	6.8
1927	12.4	10	7.3	13.1	7	7.1
1928	12.4	10	7.3	12.6	7	7.4
1929	12.4	10	7.3	12.5	8	7.4
1930	12.5	10	7.2	12.3	8	7.5
1931	12.7	10	7.1	12.2	8	7.5

Difference in Depreciation Expense Resulting from Rates Based Upon Company and Unit Methods

Year	Average Investment	Excess of Unit over Company Method Rate	Amount
1923	$18,882,949	*1.2%	*$226,595
1924	21,252,930	*1.0	* 212,529
1925	23,858,560	* .8	* 190,868
1926	27,353,894	* .5	* 136,769
1927	30,385,084	* .2	* 60,770
1928	32,124,580	.1	32,125
1929	32,095,612	.1	32,096
1930	31,972,569	.3	95,918
1931	31,816,516	.4	127,266

*=red figures.

[fol. 5823] X-436 P. 6

Dial Central Office Equipment

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

	Company Method			Unit Method		
Year	Life	Salvage	Rate	Life	Salvage	Rate
1923-31	18 Yrs.	5%	5.3%	25 Yrs.	0%	4.0%

Difference in Depreciation Expense Resulting From Rates Based Upon Company and Unit Methods

	Average	Excess of Unit Over Company Method	
Year	Investment	Rate	Amount
1923	$2,344,374	*1.3%	*$30,477
1924	5,069,102	*1.3	* 65,898
1925	5,382,997	*1.3	* 69,979
1926	7,437,756	*1.3	* 96,691
1927	8,233,910	*1.3	*107,041
1928	9,456,846	*1.3	*122,939
1929	13,568,385	*1.3	*176,389
1930	17,111,595	*1.3	*222,451
1931	20,239,674	*1.3	*263,116

*=means red figures.

[fol. 5824] X-436, P. 7

Toll Switchboard Equipment (Former Offices)

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

	Company Method			Unit Method		
Year	Life	Salvage	Rate	Life	Salvage	Rate
1923	7.5 Yrs.	19%	10.8%	9.7 Yrs.	19%	8.4%
1924	7.5	19	10.8	9.2	*20	8.7
1925	7.5	19	10.8	8.3	20	9.6
1926	7.5	19	10.8	6.9	21	11.4
1927	7.5	19	10.8	5.2	21	15.2
1928	7.5	19	10.8	4.4	22	17.7
1929	7.5	19	10.8	2.9	22	26.9

Difference in Depreciation Expense Resulting from Rates Based Upon Company and Unit Methods

	Average	Excess of Unit Over Company Method	
Year	Investment	Rate	Amount
1923	$1,355,703	*2.4%	*$32,537
1924	1,372,007	*2.1	* 28,812
1925	1,428,750	*1.2	* 17,145
1926	1,587,545	.6	9,525
1927	1,840,279	4.4	80,972
1928	2,010,077	6.9	138,695
1929	1,268,282	16.1	194,533

*=red figures.

[fol. 5825] X-436, P. 8

Toll Switchboard Equipment (New Office)

Comparison of Depreciation Rates Based Upon Company Method and Unit Method

Year	Company Method Life	Salvage	Rate	Unit Method Life	Salvage	Rate
1930-31	8 Yrs.	20%	10.0%	15 Yrs.	10%	6.0%

Difference In Depreciation Expense Resulting from Rates Based Upon Company and Unit Methods

Year	Average Investment	Excess of Unit Over Company Method Rate	Amount
1929	$1,536,021	*4.0%	*$61,441
1930	3,580,519	*4.0	*143,221
1931	3,919,427	*4.0	*156,777

*=red figures.

[fol. 5826] X-436, P. 9

Illinois Bell Telephone Company, Chicago Area

Underground Cable

Year	Depreciation Expense Actually Charged	Increase in Depreciation Expense if Computed by "Unit" Method (15% of Actual Expense)
1923	$505,319	$75,798
1924	714,929	107,239
1925	819,993	122,999
1926	940,657	141,099
1927	1,045,972	156,896
1928	1,257,952	188,693
1929	1,315,822	197,373
1930	1,327,254	199,088
1931	1,371,881	205,782

[fol. 5827] EXHIBIT X-436, P. 10

Illinois Bell Telephone Company, Chicago Area

Comparison of "Unit" and Company Depreciation Rates for Main Subscriber's Underground Cable

Year Placed	"Unit" Bases: Average Investment During 1930 A	"Unit" Bases: Rate for 1930 B	"Unit" Bases: Expense C=A x B	Company Basis: Rate D	Company Basis: Expense E=A x D	Difference in Expense F=C−E
1930	$349,360	5.50%	$19,215	....	.....	.....
1929	868,739	4.59	39,875	....	.....	.....
1928	1,556,064	4.12	64,110	....	.....	.....
1927	1,500,380	3.86	57,915	....	.....	.....
1926	1,437,122	3.66	52,599	....	.....	.....
1925	1,444,004	3.50	50,540	....	.....	.....
1924	672,451	3.37	22,662	....	.....	.....
1923	716,589	3.26	23,361	....	.....	.....
1922	467,128	3.16	14,761	....	.....	.....
1921	167,488	3.07	5,142	....	.....	.....
1920	162,192	2.97	4,817	....	.....	.....
1919	173,539	2.91	5,050	....	.....	.....
1918	139,144	2.83	3,938	....	.....	.....
Sub-total plant Requiring Higher Rate on "Unit" Basis	$9,654,200	.....	$363,985	2.8%	$270,318	$93,667
1917	463,902	2.77	12,850	....	.....	.....
1916	472,023	2.71	12,792	....	.....	.....
1915	662,429	2.65	17,554	....	.....	.....
1914	763,127	2.60	19,841	....	.....	.....
1913	429,622	2.54	10,912	....	.....	.....
1912	242,185	2.50	6,055	....	.....	.....
1911	255,814	2.45	6,267	....	.....	.....
1910	179,025	2.39	4,279	....	.....	.....
1909	347,358	2.35	8,163	....	.....	.....
1908	229,483	2.31	5,301	....	.....	.....
1907	276,409	2.27	6,274	....	.....	.....
1906	106,392	2.23	2,377	....	.....	.....
1905	81,375	2.18	1,774	....	.....	.....
1904	7,573	2.14	162	....	.....	.....
1903	70,738	2.10	1,485	....	.....	.....
1902	30,156	2.06	621	....	.....	.....
1901	12,285	2.02	248	....	.....	.....
1900	35,730	1.99	711	....	.....	.....
1899	1,906	1.94	37	....	.....	.....
1898	3,501	1.90	67	....	.....	.....
1897	1,858	1.86	35	....	.....	.....
1896	944	1.83	17	....	.....	.....
1895	357	1.79	6	....	.....	.....
1894	137	1.76	2	....	.....	.....
1893	2,580	1.72	44	....	.....	.....
1892	344	1.69	6	....	.....	.....
1891	368	1.64	6	....	.....	.....
1890	.....	1.62	.....	....	.....	.....
1889	.....	1.58	.....	....	.....	.....
1888	.....	1.57	.....	....	.....	.....
1887	424	1.53	6	....	.....	.....
Sub-total plant Requiring Lower Rate on "Unit" Basis	$4,678,245	.....	$117,892	2.8%	$130,991	$13,099
Total	$14,332,445	3.36%	$481,877	2.8%	$401,309	$80,568

[fol. 5828]

X-436, P. 11

Illinois Bell Telephone Company, Chicago Area

Station Equipment—Pole Lines, Aerial Cable, Office Furniture, and Fixtures

	Depreciation Expense Actually Charged	Increase in Depreciation Expense if Computed by "Unit" Method (5% of Actual Expense)
1923	$1,364,419	$68,221
1924	1,412,218	70,611
1925	1,596,966	79,848
1926	1,780,590	89,030
1927	1,969,618	98,481
1928	2,260,147	113,007
1929	2,412,570	120,628
1930	2,605,881	130,294
1931	2,621,604	131,080

(Here follow side folios 5829 and 5830)

X-437

FINAL SUMMARY OF HISTORICAL DATA FOR MORTALITY STUDY

UPPER FIGURES PLANT REMAINING IN SERVICE AT BEGINNING OF Nth CALENDAR YEAR AFTER YEAR OF PLACING
LOWER FIGURES PLANT RETIRED DURING Nth CALENDAR YEAR AFTER YEAR OF PLACING

YEAR OF PLACING	(a) TOTAL AMOUNT OF PLANT PLACED	(b) TOTAL AMOUNT OF PLANT RETIRED	(c) TOTAL AMOUNT OF PLANT STILL IN SERVICE (a) - (b)	N = 0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
[illegible]				XXXXX																												
1920				XXXXX																												
[illegible]

1958

FINAL SUMMARY OF HISTORICAL DATA FOR MORTALITY STUDY

1437 P2

YEAR OF PLACING	(a) TOTAL AMOUNT OF PLANT PLACED	(b) TOTAL AMOUNT OF PLANT RETIRED	(c) TOTAL AMOUNT OF PLANT STILL IN SERVICE (a)-(b)

[fol. 5831] EXHIBIT X-438, P. 1

A. T. & T. Co.

Use of Conversion Formula in Connection with Return on Entire Company Stock in Comparison with Return on That Portion of Stock Represented by Investment in Stock of Illinois Bell Telephone Company

	Entire Company Investment, Year 1930	Book Investment by A. T. & T. Co. in Stock of Ill. Bell Tel. Co. Year 1930
(1) Total Funds, used in Business per X-287	$2,746,624,797	
(2) Book Investment in Capital Stock of Ill. Bell Tel. Co. per X-124		$134,335,909
(3) Return on Total Funds used in Business per X-287	197,980,485	
(4) Dividends Received on Cap. Stock of I. B. T. Co. per X-284		10,309,776
(5) Per Cent of Return on Funds or Investment	7.21%(c)	7.67%(d)
(6) Cost of Funds Used in Business per X-108	6.25	6.25
(7) Profit available for stockholders of A. T. & T. Co.	.96	1.42
(8) Item (7) expressed in per cent on par value of stock of A. T. & T. Co. stockholders (Item 7 times 100.00* ÷57.73 = 1.7322016)	1.66	2.46
(9) Dividend Rate included in Item (6) per X-108	8.78	8.78
(10) Per Cent Return Expressed on Capital Stock par Value	10.44(a)	11.24(b)

* Taken from X-108.

(a) Agrees with annual report of Directors of A. T. & T. Co. to stockholders, year, 1930, page 19 and also X-286.

(b) Agrees with X-127.

(c) Agrees with X-287.

(d) Agrees with X-126.

[fol. 5832] EXHIBIT X-438, P. 2

A. T. & T. Co.

Comparison of Return on Entire Co. Stock with Portion of Stock Represented by Investment in Capital Stock of Illinois Bell Telephone Co., Year 1930

		Entire Company Investment	Book Investment by A. T. & T. Co. in Stock of Ill. Bell Tel. Co.
(1) Total Funds used in Business per X-287		$2,746,624,797	
(2) Book Investment in Capital Stock of Ill. Bell Tel. Co. per X-124			$134,335,909
(3) Return on Total Funds Used in Business per X-287		197,980,485	
(4) Dividends Received on Capital Stock of Ill. Bell Tel. Co. X-284			10,309,776
(5) Per Cent of Return on Funds or Investment		7.21%(c)	7.67%(d)
(6) Apportionment of Items (1) and (2) into elements of capital stock, premiums, surplus, etc.:			
(a) Capital Stock	57.73%*	1,585,669,600	77,552,120
(b) Capital stock premiums	7.55%*	207,419,730	10,142,361
(c) Surplus unappropriated and appropriated	13.34%*	366,311,399	17,920,410
(d) Capital Stock Investments	3.04%*	83,494,026	4,083,812
(e) Funded debt and loans	18.34%*	503,730,042	24,637,206
(f) Total	100.00%	2,746,624,797	134,335,909
(7) Interest and Amortization charges applicable to Capital Stock Installments and Funded Debt:			
(a) Capital Stock Installments (6.82%* of Item 6 (d))		5,695,443	278,516
(b) Funded Debt and Loans (5.3%* of Item 6 (e))		26,709,057	1,305,772
Total		32,404,500	1,584,288
(8) Dollars of Return represented by Items 3 and 4, less interest and amortization charges which is available return for capital stock premiums and surplus		165,575,985	8,725,488
(9) Return available for capital stock premiums and surplus (Item 8) related to capital stock—par value (Item 6a)		10.44(a)	11.25(b)

(c) Agrees with X-287.
(d) Agrees with X-126.
* Taken from X-108.

(a) Agrees with annual report of Directors of A. T. & T. Co., to Stockholders year 1930, page 19 and also X-286.

(b) Agrees with X-127 except for .01 of one per cent due to not carrying out decimals more than 2 places.

[fol. 5833] X-438, P. 3

Use of Conversion Formula in Connection with Investment in Telephone Instruments Shown in X-111, Year 1923

(1) Investment in Telephone Instruments Chicago Division per X-111	$1,077,794
(2) Return on Investment per X-111	420,592
(3) Per Cent of Return on Investment per X-111	39.02
(4) Cost of Funds Used in Business per X-108	6.87
(5) Profit Available for Stockholders of A. T. & T. Co	32.15
(6) Item (5) expressed in per cent on par value of stock of A. T. & T. Co. Stockholders (Item 5 times (100.00)÷63.39*=1.578)	50.73
(7) Dividend Rate included in item 4 per X-108	8.79
(8) Per Cent Return expressed on capital stock—par value	59.52(a)

*Taken from X-108.

(a) Agrees with X-111 except for .01 of one per cent due to carrying decimals only two places.

[fol. 5834] EXHIBIT X-439

June 29, 1932.

Mr. Edward L. Blackman, Illinois Bell Telephone Company, 212 W. Washington Street, Chicago, Illinois.

DEAR MR. BLACKMAN: I return you herewith four white sheets which contain a certain number of exhibits which I was to check, as stated on the record.

Page 1, entitled "A. T. & T. List of Rainwater Exhibits containing in one form or another the error inherent in Rainwater's method of converting the percent, etc." The list of exhibits stated on this sheet is correct.

Page 2, entitled "List of Rainwater Exhibits containing in one form or another the error inherent in Rainwater's use of figures for average loans of". The list on this sheet contains the following exhibit numbers not contained in the original list given to us: X-149, X-151, X-340. We have checked these three and we find X-149 does not use average loans computed in the manner shown in the heading on this page but is based on the average loans taken from X-103.

The same comment is applicable to X-151 and to X-340, page 4. Therefore these three exhibits should be removed from the list in the record.

Page 3, entitled "List of Rainwater Exhibits containing erroneous theory of interest and dividends, etc." This list contains the following exhibit numbers not contained in the original statement furnished us:

X-279 does not deal with interest and dividends. X-280 does not deal with interest and dividends. X-285 should be qualified by adding the clause "Except for pages 1, 2, 3, 4, 9, 10, 11, 12, 17, 18, 19, 20, 21 and 22. X-329, Line 9, X-330, Line 9, X-331, line 11, X-332, line 11, X-333 all figures, X-334 all figures and X-340 line 2, do not contain any computations whatsoever of the character shown in the heading on page 3 and therefore should be omitted from the list in the record.

Page 4. I am returning herewith page 4 without comment as reference to the same does not appear in the record.

If there is any question about these I suggest that Mr. Greene and Mr. Rainwater get together so they can agree on what these exhibits do or do not contain.

Yours very truly, —— ——.

BFG-McC.

Endorsed on cover: File No. 38,043. N. Illinois D. C. U. S. Term No. 440. Benjamin F. Lindheimer and others, constituting the Illinois Commerce Commission of the State of Illinois; Otto Kerner, Attorney General of the State of Illinois, and City of Chicago, appellants, vs. Illinois Bell Telephone Company. Filed September 8, 1933. File No. 440, O. T., 1933.